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FALL 1980

# ORBIS

## A Journal of World Affairs

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### IN THIS ISSUE

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RICHARD B. FOSTER
ELLIOT R. GOODMAN
GEORGE W. GRAYSON
A. JAMES GREGOR
FRANCIS P. HOEBER
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# reflections
## ON THE QUARTER

### THE MUTED CALL FOR AMERICAN LEADERSHIP

The summer and fall of 1980 demonstrated, by articulate silence on the diplomatic scene, that the need for American leadership in resolving international conflicts remains as paramount as in previous decades. For all those disparaging minimalists, in the United States and elsewhere, who argue that the American role in international affairs is shrinking, the marking of time by statesmen as America struggles through another election year must be a salutary lesson.

In almost every geographic region, key conflicts have shown no forward movement during the greater part of 1980. The most visible issues, such as ratification of the SALT treaties, were placed on hold even as the U.S. political climate was heating up, in late 1979. It was hoped, however, that efforts for resolution of regional problems could go forward despite the preoccupation of some U.S. officials with the re-election of the Carter administration. Instead, by the end of the summer, it was widely (albeit tacitly) accepted by the leadership of most countries that serious issues would not be resolved until 1981.

It could be maintained, too, that the rapid movement of the global economy into recession during 1980 shifted the attention of political leaders from political-military issues to the more worldly problems of employment, incomes, and government budgets. In the United States, government and opposition alike moved rapidly to call for the reindustrialization of the nation, attacking with a panoply of tax cuts, new jobs, and incentives for capital investment. Attention was effectively distracted from most foreign issues. Elsewhere in the world, more than a few politicians looked over their shoulders at the masses when Polish workers found that their economic condition was miserable enough to merit a strike. That a "dictatorship of the proletariat" could have severe problems with maintaining social discipline in the face of rising fuel and food prices did not bode well for regimes of a similar or more liberal stripe.



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The pursuit of peace in the Middle East experienced a period of movement without progress. The substantive negotiations on Palestinian autonomy awaited an American initiative. Otherwise, there was some doubt that negotiations would even take place. Sadat, at least, made clear his preference for another Camp David–style summit — after the U.S. elections. Meanwhile, those opposed to the Camp David negotiating process were registering their opposition without hope of an alternative forum. The Europeans, in their declaration at Venice, offered a kind of mediation without any practical promise. In a rerun of 1976, long-simmering conflicts within OPEC exploded, pitting Iran, Algeria, and Libya against everyone else. At issue was Saudi Arabia's bid to resume control over prices, shattered in 1979 by the Iranian Revolution. Saudi production remained high at 9.5 million barrels per day; while Western imports dropped substantially from 1979 levels, and spot prices actually moved to a level below the posted price of the Persian Gulf producers. OPEC meetings in the fall, however, did little to bring calm to the petroleum maelstrom.

Nor did efforts to remove the Soviet occupation forces from Afghanistan result in visible progress. While global opposition to the Soviet aggression on the Afghan people remained strong, except in the Soviet bloc, there was little, if any, agreement on how to remove the Soviet troops. Few countries wished to provide active support to anti-Soviet Afghan organizations, and only a few countries found any worth in Soviet offers to negotiate a solution. The war, though geographically remote from America, sounded the tocsin in U.S. public opinion and was invoked again and again as proof of a Soviet aggressiveness that must be curtailed by a fresh assertion of U.S. power. In the meantime, the costs to the Afghan people continue to mount, Pakistan's integrity may also be threatened, and Afghan refugees are increasing ominously. The implications here are starkly described by Lord Saint Brides in this issue of ORBIS.

Other regional problems were similarly afflicted. In southern Africa, the Carter administration was unable to make a decision with regard to the substantial aid requested by Zimbabwe, since an administration elected in November would be the distributor of that aid. Likewise, South Africa was patently unwilling to respond in a positive way to United Nations initiatives on South-West Africa/Namibia until it had a clear view of the post-January American government. In Latin America, policy inertia prevailed.



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The difficulty of fashioning a new relationship between the United States and the Caribbean states (particularly such troubled lands as Nicaragua, El Salvador, and Guatemala) could not be solved in the time remaining, and all parties therefore seemed to think it best to put off any major decision until 1981.

The dangers of such procrastination should be clear. The situation is perilous, and not just for American interests. The interests of all countries that favor orderly solutions to international conflict are thereby damaged. Opportunities for the settlement of regional conflicts can be lost when the attention of a key country is distracted. For those decisions that have to be made regardless of timing (commitments to military budgets, for example), actions take on an increasingly unilateral character. Coordination among countries is difficult enough without having much work undone because the leading international actor goes into hibernation for a political winter.

That such a hiatus has occurred in American foreign policy, and is accepted by other countries in their response to international problems, bespeaks several important changes in the United States' role in the world: some will find those changes comforting; others, alarming. For the Iraqi government, it was evident that a situation had emerged in which the Iraqis could seek redress for old grievances against their Iranian rivals; thus, in September, war emerged in all its violence. Many in the United States refuse to accept such a shrinking power base. As a result, serious proposals are made for the remobilization of American society in order to project U.S. influence abroad, and in this regard the energy sector is receiving great attention. These concerns are dealt with by authors Richard Foster, Francis Hoeber, and Walt Rostow in the first two articles of this issue of ORBIS.

One fact clearly understood is that U.S. foreign policy has lost the institutional continuity that at one time was reinforced and, to some extent, implemented by a broad consensus on America's strategic direction. The implicit weakness of a foreign policy system that is suddenly sent into a coma because of the trauma of a presidential campaign must be clear to friend and foe alike. Certainly the many incidents of presidential weakness over the past half-decade have built up a dangerous (and probably accurate) image abroad that takes its toll on American influence in every election year. For those who wish to rebuild U.S. foreign policy institutions, the re-creation of a sense of American unity and con-



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tinuity must occupy a high position on the agenda. Yet, there can be no overnight results.

Another fact made evident by the seasonal loss of diplomatic forward motion is that the United States must play a leading role in fashioning solutions to international conflicts. It should now be clear that, despite the best efforts of American neoisolationists, only the United States can bring to bear the variety of tools and capabilities called for when dangerous international disputes arise. If, indeed, there are two competing visions of a future world — Soviet centralism and Western democracy — the United States cannot escape its responsibility as the foundation of Western strength. If one sees the world as engaged in a universal search for stability, then the U.S. contribution to that search is crucial. The "ostrich solution" has not worked, and the rest of the international political system is not about to tolerate it. The rebuilding of a sense of American responsibility to match expectations overseas will be a long process, and episodes of misunderstanding will continue to occur. But the trend is clear: America's withdrawal from global responsibility will necessarily be reversed in order to satisfy constituencies abroad and at home.

THE EDITORS



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# LIMITED MOBILIZATION: A STRATEGY FOR PREPAREDNESS AND DETERRENCE IN THE EIGHTIES

by Richard B. Foster and Francis P. Hoeber

In 1980, what in the seventies was an American uneasiness about growing Soviet military power became a conviction that the balance of global military power is shifting rapidly to the Soviet Union. In 1980, the Soviet Union gained worldwide recognition not only as a superpower but as a global power having the ability to extend its reach across all the oceans and to every continent. The Soviets have sought to make Africa part of the "World Island." The Middle East has become recognized as an immediate strategic objective for Soviet influence, if not an object of direct Soviet occupation. All of Southeast Asia is being warred on by the Soviet proxy Vietnam; and in the Caribbean and Latin America, another Soviet proxy, Cuba, is leading a direct attack on U.S. allies and interests. Growing military power has increased Soviet confidence in using that power against the interests of a demonstrably weakening America. Indeed, they may estimate the greatest prize of all to be within their grasp: control over the oil of the Middle East and Africa (and perhaps of the Caribbean), enabling them to bring America's European allies as well as Japan and Korea to their knees. The Soviets may seize this opportunity to "win without war." In the midst of this crisis, America's president has announced a "new doctrine": the use of offshore bases to be occupied by a Rapid Deployment Force — a force that is too little, too late, and too weak to stem the hemorrhaging of our power position in the Middle East and North Africa. Threats to use American nuclear weapons locally become reckless as the margin of Soviet strategic-nuclear superiority grows.[1]

[1] See Richard B. Foster, "Editor's Introduction: A Preventive Strategy for the Middle East" and "1980: The Year of Decision in the Middle East," *Comparative Strategy*, vol. 2, no. 3, 1980.

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**What Credible Response Is Left?**

It is our thesis here that a limited mobilization of military manpower, of industrial resources, and of national will is the most credible and prudent response to these Soviet challenges. Any appreciation of the potential strategic utility of limited mobilization must be in the context of the politics of the 1980 presidential election.

No longer are warnings ignored as Cold War rhetoric; no longer are inequitable SALT agreements offered as substitutes for adequate defense; no longer are Soviet arms build-ups and military spending dismissed with claims of U.S. technological superiority. The hostages in Iran — and the failure of the rescue effort — the invasion of Afghanistan, genocide in Indochina, Soviet-Cuban boldness in Africa and Latin America, all these events have led to a sea change in American attitudes and, more slowly, policies. SALT II could not be brought to the Senate floor. Secretary of Defense Brown has now said that Soviet ICBMs could decimate our Minuteman force *today*.[2] A presidential directive (PD-59) has been issued, and leaked, confirming the need for a change in U.S. strategic-nuclear targeting doctrine. The president and the Congress have called for increased defense spending. All members of the Joint Chiefs of Staff have said that our military forces are inadequate.[3] Even the abysmal failure of our "Nifty Nugget" military-mobilization exercise in 1978 has been publicly acknowledged.[4]

But PD-59 cannot be implemented, and the strategic-nuclear balance restored, unless drastic improvements are made in weaponry and in command, control, communications, and intelligence, together with costly strategic defense measures. Moreover, U.S.-Soviet "essential equivalence" in conventional forces may be unachievable.[5] Yet, defense budget increases are marginal, born under the shadow of chronically underestimated projections of inflation. The more survivable MX mobile missile is not promised until 1989 and is unlikely to be available even then, owing to "environmental impact" lobbying and costly Rube Goldberg ways of

[2] *New York Times*, August 21, 1980.

[3] *Washington Post*, May 30, 1980.

[4] John J. Fialka, "The Grim Lessons of Nifty Nugget," *Army*, April 1980; Office of the Secretary of Defense, *An Evaluation Report of Mobilization and Deployment Capability Based on Exercises Nifty Nugget-78 and REX-78*, June 30, 1980.

[5] This imbalance in conventional forces may be offset in part by allied forces: NATO plus Japan-Korea-Taiwan plus Middle Eastern allies and the People's Republic of China must also be considered in any calculation of the global balance of conventional power.



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making MX countable by the Soviets in order to meet self-imposed SALT requirements. The cruise missile "substitute" for the B-1 bomber is delayed, and the cancellation of the latter is rationalized by leaking the R&D program for a "Stealth" aircraft — involving technologies neither new nor ready for deployment in the 1980s, notwithstanding Secretary Brown's announcement that it "alters [present tense!] the military balance."[6]

What is to be done? The burden of our argument is that incrementalism is insufficient and appeasement unacceptable, that the United States must mobilize to restore its defenses, and that mobilization must not wait for the outbreak of war, as it did in Korea. Mobilization in World War II started after Europe went to war, but before Pearl Harbor.[7] President Johnson refused to mobilize for Vietnam, and reaped a bitter harvest.

## Mobilization in the Nuclear Age

With rare exceptions[8] mobilization has been regarded as an anachronism in the nuclear age. There seem to be two assumptions behind this notion: first, that mobilization is something one does after a war has started; second, that a war in the nuclear age will be over in a few hours or days. We have already challenged the first of these. Our challenge to the second is inherent in PD-59, which rests on several assumptions, including (1) that the Soviets do indeed strive for a war-surviving, war-fighting, war-winning capability;[9] (2) that we should have a policy of initially avoiding urban-industrial targets; and (3) that that policy should be backed up by a secure reserve force having endurance capabilities such that it can be withheld as an "assured destruction" deterrent to Soviet attack on U.S. cities. Each of these assumptions implies the potential for a prolonged nuclear war, including the possibility of a nuclear cease-fire while conventional war continues.

In short, the potential for threatened or actual prolonged

[6] *Washington Post*, August 23, 1980.

[7] There is a problem here with out implicit definition of war. Hitler began his war almost with his appointment as chancellor, not when the British surprised him by going to war over "little Poland." Similarly, we argue that the Soviets are warring against, not just in "competition" with, the United States and that mobilization cannot wait for more direct and overt provocations.

[8] See Paul Bracken, "Mobilization in the Nuclear Age," *International Security*, Winter 1978-1979, and Fred C. Iklé, "Defense: $1 Trillion," *New York Times*, February 5, 1980.

[9] *Report of Secretary of Defense Harold Brown to the Congress on the FY 1981 Budget, FY 1982 Authorization Request and FY 1981-1985 Defense Programs*, January 29, 1980, p. 83.



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conventional-nuclear war exists, unless unilateral self-restraint leaves the United States with suicide as the sole alternative to appeasement. Mobilization to enhance our capabilities for response *and* deterrence is not only relevant but, we shall argue, vital and urgent.

Necessary as it may be, however, mobilization in the nuclear age will be far more difficult than mobilization in simpler times. We must mobilize simultaneously both for nuclear and non-nuclear contingencies, with all the difficulties this implies for setting priorities in the face of unprecedented uncertainty. Moreover, there are inherent contradictions between the two cases. When we mobilize for conventional war, we tend to concentrate everything — in large factories and at large training bases, for efficiency; at ports of embarkation, today including air bases, in order to project force to theaters of conflict, including the oceans. In nuclear war, however, one needs to disperse, to avoid presenting high-value targets. This problem has long been known, if not yet adequately solved, in planning battlefield tactics, where the trade-off is between the massing of tanks, artillery, and infantry for conventional attack and defense effectiveness, on the one hand, and dispersal in order to avoid nuclear destruction in "theaters of war," on the other. The problem does not yet seem to have been seriously addressed in mobilization planning in the continental United States (CONUS). In short, we have as yet to envisage CONUS as a theater of war.

**Soviet Mobilization Today**

We suggested above that the Soviets are in a very real sense at war with the United States today. Table I shows that they are significantly mobilized for that war (and they have been for almost two decades). The World War II figures are provided as a reference base: the interesting thing is that they show that none of the major powers was really fully mobilized economically during that war. (The Soviet figures are dubious, and in our view low, although the source did make an effort to adjust for the consumer-price inflation that was used as an allocation mechanism by the Soviets.) Nobody really knows how high the effort might go in a country that is truly pressed but has not yet given up because of perceived ultimate defeat. (The siege of Leningrad is a localized, partial example; as is the United States or the Soviet Union in a hypothetical "broken back" war after nuclear attack.)

Table I shows that the Soviets are now mobilized at about the level that the United States achieved at the peak of the Korean



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TABLE I

MILITARY EXPENDITURES IN RELATION TO GNP
(%)

| Country/ Alliance | World War II Peak (1940-1945) | Post–World War II Low | Korean War High (1953) | Current (1978) |
|---|---|---|---|---|
| USSR | 36 * | 10-11 | 12 | 11-15 |
| United States | 46 | 4.5 | 14 | 5+ |
| NATO Europe | | 0 | | 3-5 |
| West Germany | 40 * | 0 | | 3.4 |
| Japan | 51 | 0 | | 1 |
| Republic of Korea | | 0 | | 6 |
| Warsaw Pact † | | | | 2.4 |

* These estimates are highly suspect.

† The Warsaw Treaty Organization was formally initiated in 1955.

*Sources:* David MacIsaac, *Strategic Bombing in World War Two* (New York: Garland, 1976), vols. 1 and 2; SIPRI, *World Armaments and Disarmament* (1970); IISS, *The Military Balance, 1979-80* and *The Military Balance, 1978-79;* Abram Bergson, Hans Heyman, Jr., and Oleg Hoeffoling, *Soviet National Income and Product, 1928-48: Revised Data* (Santa Monica, Calif.: Rand, RM-2544, November 1960); CIA, *Estimated Soviet Defense Spending: Trends and Prospects,* SR 78-10121, June 1978.

War effort (14 per cent of GNP in 1953).[10] In contrast, the United States and its allies are mobilized at perhaps one-third the Soviet level, or from 3 to 5 per cent of GNP (in the case of Japan, only 1 per cent).

Defense expenditure as a percentage of GNP is, of course, a measure of economic burden only, indicating the degree of national commitment but not necessarily bearing on total input or on the aggregates of military power that are assumed to be in some rough correlation to that input. Figure 1 shows absolute as well as relative U.S. and Soviet military expenditures from 1968 to 1979. Despite the smaller capacity of their economy, Soviet military efforts have resulted in much larger absolute inputs, expressed, for

[10] Note that the U.S. Korean mobilization went considerably beyond what was required for the support of combat in Korea. This was the result of a deliberate policy: to build up forces as a deterrent to possible Soviet opportunism in Europe while the United States was preoccupied in the Far East; to accelerate R&D, particularly on strategic systems that were to come to fruition in the late 1950s (air defense and bombers) and the 1960s (ICBMs, SLBMS, completion of the bomber and ABM programs); and to start development of our present fleet of aircraft carriers.



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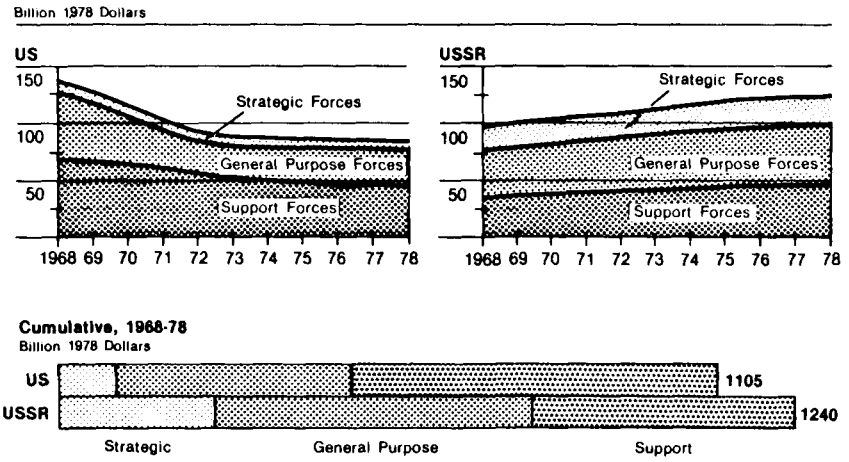
Figure 1

**MAJOR MISSIONS**
**A Comparison of US Outlays With Estimated Dollar Costs of Soviet Activities**




**Soviet Defense Missions as a Percent of Comparable US Defense Outlays**

| | 1978 | 1968-78 Total |
|---|---|---|
| Strategic forces | 330 | 270 |
| General purpose forces | 170 | 135 |
| Support forces | 95 | 70 |
| **Total (excluding RDT&E)** | **145** | **110** |

Reproduced from *Report of Secretary of Defense Harold Brown to the Congress on the FY 1981 Budget, FY 1982 Authorization Request and FY 1981-1985 Defense Programs,* January 29, 1980, p. 34.

purposes of comparison, in estimated U.S. dollar outlays. In terms of expenditures for R&D and procurement of military hardware, the comparison is even more adverse to the United States.

Thus, the numbers tell us a great deal about the causes of the shift in the "correlation of forces," as the Soviets put it — from the U.S. nuclear dominance of the fifties and sixties (which permitted us to tolerate conventional inferiority); to parity, or "essential equivalence," in the sixties and seventies; to inferiority today.[11] The U.S. military inferiority, or Soviet superiority, of the 1980s is already being discounted by the "market" of international

[11] See *Is America Becoming Number 2?* (Washington: Committee on the Present Danger, October 5, 1978); *Air Force,* December 1979, p. 61; John M. Collins and Anthony H. Cordesman, *Imbalance of Power* (Novato, Calif.: Presidio, 1978); and Francis P. Hoeber, William Schneider, Jr., Norman Polmar, and Ray Bessette, *Arms, Men and Military Budgets: Issues for the Fiscal Year 1981* (New Brunswick, N.J.: Transaction, 1979).



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relations and exploited by the Soviets, who have gained diplomatic leverage and freedom to take action with conventional arms. It must be added that the SALT process has been one cause of the unilateral restraint reflected in the above figures.

**The Turnaround in U.S. Attitudes**

We noted at the outset that public attitudes on U.S. defense expenditures are changing. One may ascribe this change simply to the increasing weight of evidence on the Soviet build-up and the lack of a U.S. response or to a number of more specific events. This is not the place to explore all the complex causes of attitudinal shifts. We may, however, mark a few milestones in the present case. In 1977, increasing concern within NATO about the leaky U.S. strategic-nuclear umbrella and the Warsaw Pact conventional build-up led to an alliance agreement for an annual 3 per cent increase in real (constant-dollar) defense expenditures. While this agreement was followed by a nominal increase in the U.S. defense budget, the goal of 3 per cent was not met in FY 1978 and was just barely met in FY 1979. There were several reasons for this, but the key factor was that constant-dollar budget projections require projections of inflation. In a period of high inflation, such projections will necessarily, for institutional reasons, be low. The official government projections of inflation that are used (Office of Management and Budget and Department of Defense) will in themselves affect the actual rates that eventuate. Wage-price guidelines and other indicators are deliberately kept low by the administration in an attempt to control inflation. Official deflators, or estimates of coming inflation, cannot be high enough to imply a lack of confidence in these guidelines. Moreover, realistically high projections of "double digit" inflation invite self-fulfillment, as they influence labor union demands, corporate pricing, and the actions of other actors who affect the national economy.[12]

The next significant event to be noted is the opening of the Senate debate on SALT II during the spring and summer of 1979. This debate focused interest on adverse military trends and led to a demand by Senator Nunn for a 4 to 5 per cent increase in real defense expenditures. While this demand was similarly fated to be drowned in underestimates of inflation,[13] the mood of Congress

[12] For a full discussion of this phenomenon, see Hoeber et al., *Arms, Men and Military Budgets*, p. 49.
[13] Ibid.



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and the public had nevertheless changed. The SALT II treaty was not brought to the Senate floor. Concern about conventional readiness mounted, a concern stemming in particular from the above-mentioned Nifty Nugget exercise of 1978, increasing reports of shortages and military-personnel difficulties, and, later, the abortive rescue attempt in Iran.

As the trends in the defense budget were reversed — and as the elections approached — the strategic sector of the budget also began to come under more serious review. We have already mentioned the leak of PD-59. A history of this reversal is in order. Growing concerns about the credibility of the assured-destruction-only doctrine for U.S. strategic forces were first expressed officially in 1971, when President Nixon said, "I must not be — and my successors must not be — limited to indiscriminate means of destruction of enemy civilians as the sole possible response to challenges."[14] In January 1974, Defense Secretary James Schlesinger sparked a much more specific debate by advocating a policy of limited nuclear options, which he said had become feasible because of the more rapid retargeting capability achieved with the Command Data Buffer System for Minuteman. In the following six years, flexibility became an increasingly important element of our declared policy, although assured destruction, which was now officially called "assured retaliation," remained an important element through the Defense Department's FY 1981 annual report. This report was also the first officially to recognize that Soviet doctrine called for a war-surviving, war-fighting, and war-winning capability. These trends culminated in the signature, on July 25, 1980, of PD-59, the basics of which, apparently as a result of news leaks, were summarized for newsmen on August 5 by the Defense Department and the National Security Council[15] and, on August 20, by Secretary Brown in a speech at the Naval War College.

PD-59 is reported to provide explicit policy direction for developing doctrine and capabilities for the effective targeting of enemy strategic forces (silos, etc.), political leadership and communications, other military targets, and war-supporting industries. It also calls for a growing and increasingly capable secure reserve force, as already mentioned in the "Posture Statement" for FY 1981, still to be maintained as the ultimate assured-destruction threat to "devastate the industry and cities of the Soviet Union."[16]

[14] *Foreign Policy for the 1970s: Building for Peace*, A Report to the Congress by Richard M. Nixon, February 23, 1971, p. 170.

[15] Richart Burt, *New York Times*, August 6, 1980; Michael Gettler, *Washington Post*, August 6, 1980.

[16] *Report of the Secretary of Defense Harold Brown*, p. 65.



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Designed to lend more credibility to the U.S. deterrence posture, this new doctrine has profound implications for military requirements. First, strategic weapons with new characteristics will be required, including (1) greater accuracy, (2) new warhead types for attacking specific kinds of targets, (3) greater endurance, most especially, through the elimination of the rapidly increasing vulnerability of the fixed ICBM force, and (4) more effective and much more enduring command, control, communications, and intelligence capabilities. Also required are strategic defensive forces and measures previously abandoned under the mutually assured destruction concept, including (1) revived air defenses to deny Soviet bombers a "free ride," (2) civil defenses in order to equalize the risks for national leadership, essential workers, and general population in the two superpowers, (3) readiness to meet a possible Soviet "breakout" from the ABM treaty (or even, in not implausible circumstances, to support U.S. abrogation of the treaty), and (4) improved defenses for U.S. satellites plus counteroffensive weapons to deal with Soviet antisatellite capabilities.

In short, recognition of a Soviet war-fighting capability and of the U.S. need for counterforce capabilities and an enduring secure reserve force implies, logically and inexorably, the possibility of a prolonged war. Such a prolonged war could last for months or even years and probably would involve nuclear *and* nonnuclear weapons, replacing the classic two- or three-stage nuclear exchange scenarios depicting a short war of a few hours or, at most, days.

The possibility of preparing for the threat or actuality of prolonged war creates an opportunity for bringing the power of U.S. mobilization to bear on the political-military equation. Only mobilization can provide the above-indicated requirements for support of the PD-59 doctrine as well as the requirements for conventional-force modernization and build-up (including chemical and tactical-nuclear elements) based on the above-noted loss of strategic superiority.

## What Is Mobilization?

Up to this point, we have been using the term "mobilization" in the belief that its general meaning is widely understood. The term needs, however, to be given greater precision. Bracken, noted above as one of the first to recognize in print the validity of the mobilization concept in the nuclear age, defined it as "the rapid assembly, production or deployment of a superior force of military



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arms."[17] This definition comes close to the generally accepted meaning, but we question the use of the word, "superior," since it implies a goal, which may or may not be met, particularly if the mobilization is two-sided, in which case both enemies cannot be superior. "Mobilization" has also been used to imply a willingness to participate in an arms race, or the act of doing so[18]; but a nation might participate in an arms race — in naval forces before World War I, or in strategic-nuclear forces today — without necessarily undertaking a general mobilization. We will attempt to spell out the elements and levels of mobilization, but first we must state a fundamental proposition.

*Mobilization is an act of political will.* It is a decision by the president, supported by Congress and ultimately by the people (in fact, the political act may generate political support by the people; i.e., provide leadership), to prepare for war (sometimes even after the war has started) and/or for the deterrence of war. This act of political will is the fundamental step. It was taken by Roosevelt in 1940-1941, by Truman in 1950, and by Kennedy (to a very limited extent) in 1961, but not by Johnson in 1965 or, indeed, through 1968.

Given this act of political will, mobilization is a broad term covering four large classes of actions:

1. *Military*
   a. Manpower draft
   b. Upgraded pay, morale, and quality of personnel
   c. Reserve readiness — including both the Individual Ready Reserves and the National Guard
   d. Call-up of reserves
   e. Increased defense appropriations
   f. Increased defense procurement, starting with war reserve materiel and potentially including all categories of weapons and supplies, plus R&D
2. *Industrial*
   a. Mobilization base
      - Tooling
      - Standby production lines and plant
      - Standby orders
      - Stockpiling (potentially including fabricated materials, parts, and subassemblies as well as raw materials)
      - Enabling legislation (Defense Production Act, as amended, etc.)
   b. Mobilization
      - Establishing requirements (for strategic forces, general-purpose forces, military support, and essential civilian uses)

[17] "Mobilization," p. 74.
[18] Edward N. Luttwak, "A New Arms Race?," *Commentary*, September 1980, pp. 27-34.



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- Establishing and issuing priorities
- Establishing controls (materials allocation, output limitations, credit controls, consumer rationing, telecommunications priorities, etc.)

3. *Civil Defense*
   a. Leadership and general population
      - Shelters (including survival provisions and training)
      - Evacuation plans
   b. Industry and utilities (including communications)
      - Hardening
      - Dispersal
      - Standby equipment
      - Restoration plans
4. *Alliances*
   a. Leadership and arms transfers
      - Establishing shared burdens of logistics, procurement of materiel, and manpower
      - Establishing common base structures; command, control, and communications systems; and logistics systems
      - Establishing a common set of strategic priorities
   b. Diplomacy
      - Establishing regional power groupings and agreements
      - Establishing postwar goals and long-term political, economic, and strategic objectives

All of the above measures, and perhaps others, may or may not be included at any one time. The mix and the level of intensity may vary widely, as suggested schematically in Figure 2. The jagged line on the left indicates that mobilization may or may not be initiated during periods of international tension or crisis, before actual conflict. The mobilization level rises as the level of potential or actual conflict increases, and it may intensify rapidly to an all-out effort in the event of limited or general conventional-nuclear conflict (right end of the conflict spectrum).

The degrees of mobilization may cover a very wide range; the needs for and implementations of the numerous steps may vary widely and unpredictably; and there is a national tendency to deal with mobilization in peacetime in much the same way that the proverbial farmer dealt with his leaky barn roof when it was not raining. For these reasons, one of us (Hoeber) has suggested in unpublished memorandums that criteria for mobilization conditions, or MOBCONs, be established. These would be analogous to the existing DEFCON (defense condition) system of standby procedures for increasing states of alert for the armed forces, to be ordered by the National Command Authority and ranging from normal, "day to day" alert to "fully generated." DEFCONs are often short-term crisis moves, whereas MOBCONs would have to be longer-



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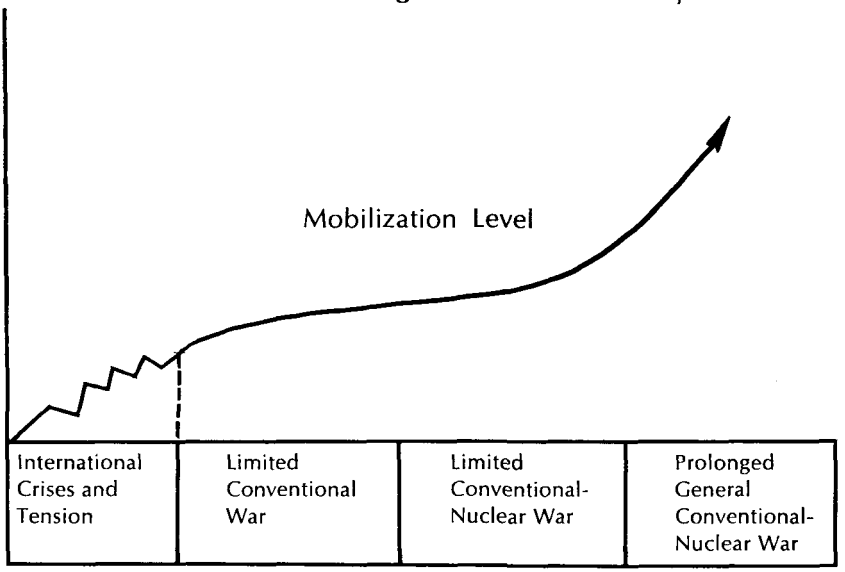
**Figure 2**

**Mobilization and the Range of National Security Risks**




term steps. Their ultimate implementation would mean judgment calls by the president and the Congress, but we believe that a system of standby guidelines, including the definition of potential "triggers" and commensurate responses (whether legislated or issued by executive order) could serve a useful educational function and help ensure expeditious action when required.

It is one thing, though, to define mobilization and quite another for the United States to undertake mobilization in a timely fashion. The country is not today prepared to do so. We have already noted the abysmal state of military-mobilization readiness revealed in the 1978 Nifty Nugget exercise. Since the trauma of Vietnam and the establishment of the volunteer army, the low state both of qualified personnel and morale in the armed forces has become notorious. The dissipation of our industrial-mobilization capability (under the influence of declining productivity, inadequate investment, and recession), aggravated by industrial moves to diversify in the face of low profit margins and the uncertainties of sustained military-procurement funding, is also well known.[19] In

[19] See, for example, Fred C. Iklé, "Could We Mobilize Industry?," *Wall Street Journal*, December 26, 1979, and "Why the U.S. Can't Rearm Fast," *Business Week*, February 4, 1980.



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times of budgetary stringency, of course, the military will both by inclination and of necessity emphasize the procurement of weapons, and R&D on new ones, at the expense of operations, maintenance, and readiness. Therefore, one of us (Foster) has also suggested in unpublished memorandums the establishment of "mobilization as a line item"; that is, appropriations earmarked for readiness and maintenance of a mobilization base (standby orders, tooling, "hot-lines" — meaning, before the term was appropriated to describe an open communications channel to Moscow, a production line in-being and prepared for rapid, short-notice production of essential military items — and so on).

One further perennial argument against mobilization should be noted. This is the standard one that defense expenditures should not be increased since armaments are unproductive and inflationary. With respect to productivity, we can think of nothing more productive for the common good than armaments for defense, particularly those that are never used in combat because they succeed in deterrence. We cannot put it more succinctly than was done by a high-level British officer[20] in World War II: "There is a tendency to forget that the most important social service that a government can do for its people is to keep them alive and free."

As for inflation, it must be noted that in time of inflation *all* expenditures except those that increase productivity are inflationary. Never has there been a convincing demonstration that defense expenditures are more inflationary than any other kind. In the post–Korean War 1950s, defense expenditures ran close to 10 per cent of GNP and inflation was negligible; today, defense expenditures hover at around 5 per cent of GNP and inflation is measured in two-digit figures. In a time such as the present, when unemployment is above 7 per cent, plant utilization at about 75 per cent, and the savings rate 4.5 per cent, the problem is not one of limiting aggregate demand but, rather, one of fiscal and monetary management as well as social arrangements (e.g., the "indexing" of numerous income sources to the upward-biased Consumer Price Index).

## Potential Effects of Mobilization

It is beyond the scope of this paper to make recommendations of just how much the defense budget should rise, what

[20] Air Chief Marshal Slessor; quoted in Department of Defense (Comptroller), *The Economics of Defense Spending*, July 1972, p. 189.



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should be purchased, and how many, if any, personnel should be drafted. We suggest that a build-up, within two to three years, to two or three times the present 5 per cent of GNP is by history and economics demonstrably, if not prima facie, feasible, despite the low level of the mobilization base today — which will change only under the pressure of a perceived state of urgency. Such an increase would mean defense expenditures reaching levels of $300-500 billion a year in 1980 dollars. It might not even prove necessary to continue that far, if the political-military effects along the way should prove satisfactory.

What impact would a doubling or tripling of defense expenditures have? In the first place, the very act of undertaking such a program would be tantamount to drawing a firm line: rather than asserting our vital interests in such regions as the Middle East, where we have demonstrated our inability to project forces adequate to protect those interests, we would be saying to the Soviets, "We will not permit the correlation of forces to shift so far in favor of aggression; on the contrary, we intend to roll back your present advantage." We could expect to see a reversal of the apparent necessity to play a solitary role in the power politics of defending Western interests. We could expect a reversal of the trend toward the weakening of our NATO and other alliances. Nowhere, except in Europe itself, do we share a common interest in defense more than in the Middle East. In light of the far greater dependence of Europe and Japan on Middle Eastern oil, a mobilized America would be in an ideal position to request — indeed, demand — support in collective security. Burden sharing, a chimera of U.S. policy for nearly three decades, could become politically feasible. SALT and other arms control measures, hitherto unproductive in enhancing national security, might prove productive were we to find ourselves bargaining from a position of strength rather than the weakness of unilateral restraint, which has unfortunately failed to induce reciprocal Soviet restraint.

Mobilization, it is often argued, would be provocative. In what sense — that the Soviets would step up their arms production? We are told by the CIA that the Soviets are already undergoing economic, political, and military strains. There is no reason to believe that their long and steady military build-up, which has been singularly unresponsive to past fluctuations in U.S. military expenditure, could or would be significantly increased or that the Soviets have, by any stretch of the imagination, the capability of



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winning an arms race against a United States that has the political will to engage in such a race.[21]

Or, would the Soviets see a last and fleeting opportunity to use their military superiority to attack the United States or its allies? We do not believe so. The extreme dangers and uncertainties of nuclear warfare would not have disappeared. The United States would not have offered any direct challenge to Soviet *faits accomplis* or moves under way. The Soviets would have little reason to doubt that time is still on their side, in the sense that conciliation might once again blunt U.S. will, or that a continued policy of attempting to achieve gradual gains at minimal cost is still preferable to the risks of superpower war. If we are wrong in this judgment, then it is already later than we think. A U.S. mobilization would then at most perturb the Soviet timetable, not reverse those objectives inimical to the vital interests — and the very survival — of the United States and its allies.

We should not forget that the purpose of mobilization is not only to restore our military and civil preparedness but, also, to ensure thereby the long-term effectiveness of our deterrence of conflict with the Soviet Union at all levels. To return to Figure 2, the purpose of mobilization before the outbreak of open conflict is to deter limited conventional war. Should that deterrence fail, the object is to deter escalation of such a war. The possibility that it might not be feasible to prepare adequately for all-out nuclear war should not prevent us from preparing for lesser contingencies. If it does so, we face two possibilities: (1) we may lose wars and/or vital interests at lower levels of conflict, and (2) by our lack of preparedness, we may be subject to nuclear coercion without any form of military conflict.[22] The Korean lesson referred to above remains valid; namely, that mobilization, before or during limited war, should not be used only for immediate needs but, also, to deter escalation and hence greater future needs — and to avoid the alternative of appeasement.

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[21] See Richard B. Foster, "Soviet Economic Performance as a Reflection of State Goals and Objectives," *Comparative Strategy*, vol. 1, nos. 1 and 2, 1978, pp. 13-31. In that article, and in subsequent studies, evidence was presented that the Soviet military build-up "has been proceeding independently of any policy pursued by the U.S. toward the USSR for at least the last 20 years: through periods of cold war, hot war in Vietnam, and detente. To all these US policy changes the Soviets have demonstrated an indifference, and assumptions about 'action-reaction' models of U.S.-Soviet strategic interactions are increasingly suspect, as well as U.S. self-restraint in the development and deployment of new weapons with no negotiated Soviet quid pro quo." (p. 14.)

[22] This argument is developed more fully in Francis P. Hoeber, "Civil Emergency Preparedness if Deterrence Fails," *Comparative Strategy*, vol. 1, no. 3, 1979, p. 183.



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## Conclusions

To be credible, a limited-mobilization preventive strategy requires advance planning and strategic thinking. The mobilization base the U.S. had in 1941 was the result of prewar European military orders and, especially, the British and French procurement programs during 1939-1940. The 1950 Korean mobilization was initially built on assets inherited from World War II. In 1980, neither of those conditions is present. A new mobilization plan is needed to rebuild the military manpower pool and stop the loss of key specialists; to build up our forces, both nuclear (offensive and defensive) and conventional; to rebuild the defense industry mobilization base that has been allowed to wither; and, above all, to re-create an American will, without which America cannot hope to repair its tenuous political relations with its allies. Then, as the unquestioned — and only possible — leader of the free world, the United States will be able to ask more of its allies.[23]

A look back to early 1950, just before the outbreak of the Korean War, is instructive. In April 1950, two months before the invasion of South Korea, Secretary of State Acheson delivered NSC-68 to President Truman. Prepared by Paul Nitze and his policy planning staff in the State Department, that historic document constituted a reappraisal of the Soviet Union, its power, and its goals. NSC-68 outlined the scope of the Soviet threat and the urgency of mobilizing far greater economic and military resources for the United States' defense — a step initiated a few weeks later in response to the Soviet-backed North Korean attack. Since there has been no such response to the Soviet invasion of Afghanistan or to their indirect threats to the Persian Gulf states, there is an urgent need for another such reappraisal. We should not be waiting with resignation for a more dramatic Soviet military move than that in Afghanistan to shock the country into action.

Finally, there is a growing consensus that the world of the eighties will be even more unstable, unpredictable, and dangerous than it has been in the three decades since World War II. Further nuclear proliferation is probable, including the new possibility that the "Islamic bomb" might become reality. The PLO, a stateless "government" supported and given some direction by the

[23] In Foster, "Editor's Introduction," the argument is advanced that the double crisis in the Middle East — the vulnerability of the West's oil supplies and the Arab-PLO-Israeli conflict — involves U.S. interests so vital that *at least* a Korean-level "MOBCON" is required.



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Soviet Union, not only creates turbulence and difficulty in the Middle East, preventing any peaceful settlement in line with the Camp David accords, but also helps train and lead an international terrorist movement. In light of the facts that the new states carved out of the African colonial empires are inherently unstable, that the Cuban-Soviet incursions in Angola and Ethiopia have so far been successful, and that the Soviets have considerable influence in Libya and Algeria, it is highly probable that the Soviets will be further tempted to intervene on the African continent. The revolutionary doctrine exported by the Soviet Union and given credence by its direct military support of pro-Marxist regimes has created dangerous political and strategic instabilities throughout the African continent. The same instability has now reached the Caribbean and Latin American nations. There is no reason to expect that this unrest and instability, exploited by the Soviets and their Cuban proxy, will not continue.

It is in the context of an increasingly dangerous world that the American military position must be rebuilt. Additionally, a strong U.S. global military posture will depend to some extent on the willingness of our allies in NATO and Northeast Asia, particularly Japan and Korea, to cooperate and support our efforts. For example, a new perspective on the oil problem must be created. Today, that problem is viewed by some developed nations as centering on Western partners competing for oil allocations from the OPEC nations and not in the larger context of American policy, the goals of which are Middle Eastern stability and Arab-Israeli peace. A critical challenge to future U.S. diplomatic efforts will be to convert a situation that now divides America and its allies into a unifying element wherein each Western nation perceives the common threat of Soviet power aiding and abetting some OPEC nations and the PLO. The alliances, both in the Pacific and the Atlantic, are also faced with the fact that oil resources are controlled by such radical nations as Iraq, Libya and Iran, as well as by the pro-Soviet regime in Algeria.

In the Pacific, Communist China is a giant without real military power. It cannot defend itself against a Soviet invasion, nor rearm itself without Western technical assistance. In addition, China has oil but needs the help of the West to extract it. It is important to remember that the leadership of the People's Republic has been warning the West, as well as Japan, about the increasing danger of Soviet imperialist, expansionist aims — what the Chinese call the Soviet drive toward "world hegemony."



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The idea behind a limited mobilization is first to serve U.S. interests, then the shared and common interest with America's allies. It is therefore urgent to begin a strong diplomatic effort, prior to a declaration of national emergency, to reach an agreement among the principal allies on the critical nature of the issues at stake and on the long-term strategic objectives and political aims of alliance.

The first and most important common understanding that must be reached by the American people and their allies is that the Soviets have been, are now, and apparently will continue to be mobilized, both in military manpower and in production of war goods, to defeat the West in a protracted conflict short of war or to fight and win either a limited or a general nuclear war, should such wars become unavoidable. If this estimate of the common threat is accepted, and if the United States recognizes that a state of national emergency exists sufficient to require a limited mobilization, then America's allies can certainly be called upon to increase their efforts. Japan, at present allocating 1 per cent of its GNP for defense, is far below even the NATO 3-5 per cent. If Japan were to increase its allocations to 5 per cent of GNP, that would mean an increase of almost $50 billion in the total allied budget (in 1980 dollars). The Japanese have high technology, idle capacity both in steel mills and shipyards, and a tremendous capacity for production of tanks, aircraft, and the new electronics required for all modern weapon systems and command, control, and communications. Japan is the most underutilized of the free world's high-technology industrial countries. Germany, now spending 3.5 per cent of GNP, could also be expected to do more. A 1.5 per cent increase in Germany's defense allocation could result in a $10-billion increase in the allied budget. If the United States in two years increased from its current allocation for defense of about 5 per cent of GNP to 10 per cent, it would more than double its effort. In 1980 dollars, this would amount to about $350 billion; an increase to 15 per cent of GNP would result in more than $500 billion. These numbers, taken in the aggregate, would be enough to give the Soviets pause. The Soviets could not win the arms race they have started, either in conventional or in nuclear arms. For years, only the Soviet Union has been racing, first to catch up and now to get ahead of the Western powers. There is no hope that a slow U.S. build-up will suffice to overtake the Soviet build-up.

It is true the Soviets have their own problems: internal economic difficulties; impending shortages in energy resources, par-



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ticularly in oil; unrest in Eastern Europe, Cuba, the Islamic states to the south; and others. But problems are not vulnerabilities unless they are exploited. A resurgence of political will in the United States, as leader of the Western alliance, would give considerable hope to the captive nations in Eastern Europe as well as to America's own allies. Questions about the credibility of the American nuclear guarantee would rapidly disappear. Incentives for proliferation would be reduced, and the potential world of further nuclear proliferation would become less threatening.

If in early 1981 the new administration undertakes a reappraisal such as the one outlined above and has the political will to order a limited mobilization, it will be essential that the approach be comprehensive and that it not be defeated by underestimates of inflation, by gold plating of new military systems, by the long lead times of business-as-usual, by unilateral arms reductions based on the illusion of Soviet reciprocation, or by other self-imposed limitations. America has enormous latent power — what is needed is an act of political will to make that power real and visible to friend and foe alike. Limited mobilization is the responsible alternative to noncredible military threats, conventional or nuclear, and to accommodation and appeasement.



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# ENERGY TARGET FOR THE UNITED STATES: A NET EXPORT POSITION BY 1990*

by W. W. Rostow

In the pages that follow I will briefly make the case for a radical change in U.S. energy policy. The new target would be to achieve a net energy-export position by the year 1990. This objective, I believe, is attainable under the conditions and policies broadly defined below. Indeed, it is required by the limited prospects for the world's oil supply; minimum prudence with respect to national security dictates that the United States free itself from dependence on highly uncertain and vulnerable supplies of imported oil.

Economic prospects in the world economy suggest that the maintenance of rates of growth consistent with reasonable social and political stability, both in the advanced industrial world and the developing regions, requires the United States to achieve this target by reducing oil imports and increasing coal exports much more rapidly than is projected under current policy. The viability of the world's financial system is also at stake. The United States' adoption of this goal, backed by credible policies, would have positive short- and medium-term as well as long-term effects on U.S. growth and productivity, the international standing of the dollar, and the viability of the world economy. It would also greatly strengthen the nation's security position.

To achieve a U.S. net energy-export position by 1990, of course, poses many challenging problems; and in indicating their character, later on in this article, I shall try neither to minimize nor to gloss over them. We are talking about a formidable task that will have to be conducted on what amounts to a war-production basis.

* This article constitutes a preview of a more detailed energy policy analysis being developed by the Council on Energy Resources of the University of Texas at Austin. That study is scheduled for publication in late 1980. The author is indebted to his colleagues — in particular, Martin L. Baughman, William L. Fisher, and Willem C. J. van Rensburg — for their invaluable comments.

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There will clearly be compensating economic, social, and strategic benefits, but the ultimate case for setting this target and achieving it over the next decade is not to be found in a fine-grained cost-benefit analysis. Rather, we must realize that the alternative is the prospect of the most difficult and dangerous decade since the 1930s, both economically and strategically.

I shall proceed, therefore, to sketch a picture of the energy trap in which the United States and the world economy are now gripped and to outline a rough escape route; to review the U.S. energy outlook for the 1980s implicit in various current projections and to indicate the specific changes required in the energy balance sheet if we are to meet the proposed target; to define the policy changes needed for the United States to move rapidly toward a net energy-export position over the next decade; and to suggest the possibilities and problems that would flow from such a sustained national effort.

## II

At the moment, there is something of an oil glut in the world market. This is primarily the result of a sharp recession in the United States and a deceleration of growth in Western Europe, Japan, Eastern Europe, and the developing regions (excepting the oil exporters). An element of price- as well as income-elasticity of demand has been at work; that is, higher energy prices are reducing energy consumption in addition to the reduction in demand caused by recession.

The oil glut is not only the result of slow growth; the international oil situation is the primary cause of slow growth. The American recession and the pervasive deceleration elsewhere are by no means wholly the result of the high energy prices experienced since 1973; but they have played a central role in the process, intensified by the further doubling of the international oil price in 1978-1979. Because of the failure of the United States to face up to its energy problem in the 1973-1978 period, America fell into a weak balance-of-payments position, and the Carter administration had no realistic short-run option in the face of the exacerbated inflation and increased cost of oil imports in 1979 except to induce a recession by monetary restraint and high interest rates. The poor U.S. productivity and inflation performance contributed to this result. Unlike Germany and Japan, the United States could not generate the export earnings to balance the increased cost of im-



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ported oil. As President Carter's colleagues at the Tokyo summit meeting of June 1979 made clear, the weakness of the dollar and the persistently high American deficits were endangering an already fragile international financial system. Between 1978 and the third quarter of 1979, the proportion of oil imports to the total value of U.S. imports rose from 24 per cent to 30 per cent. For 1971, the figure was 8 per cent. Almost all the countries of Western and Eastern Europe, together with Japan, share this oil-price-induced deceleration in varying degree, as do most of the countries in the developing world. Among the latter, the proportion of energy imports to the value of total imports has risen rapidly, now approximating 50 per cent in, for example, Brazil and India, thus cutting back the resources available for general development purposes. In its most recent evaluation (*World Development Report, 1980*), the World Bank accords energy a central role in the present problems and future prospects of the developing regions — a judgment shared by every serious analysis of which I am aware.

The trap confronting the United States and the world economy as a whole is that general economic revival from the current recession will bring us quickly back to oil demand in excess of current supply, another increase in energy prices, and a situation where, once again, the United States and the world economy will have to balance the energy books with severe "stagflation." This will happen because of the oil supply situation, on the one hand, and the pace at which oil conservation can proceed, on the other.

OPEC oil exports appear likely to go into slow decline in the 1980s. An essentially static output (say, 30-31 million barrels daily [MBD]) will be eroded, so far as exports are concerned, by more than a doubling of domestic oil consumption in those rapidly growing countries. Actual OPEC production capacity may be about 35 MBD, but conservationist policies, stemming both from market and geological considerations, make the lower production figure likely. As recently as 1977, production capacity figures for OPEC in the 1980s were estimated in the range of 43-47 MBD. U.S. and Soviet oil output will almost certainly decline in the 1980s. British output will rise early in the decade. Mexico will produce and export more during the 1980s, and others may make a small positive contribution to global supply; but the CIA's conclusion that "world oil production probably will begin to decline in the mid-1980's" seems to be a prudent framework for policy and is shared in most projections for the decade ahead.



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As for demand, rather remarkable progress has been made since 1973 in energy conservation in general, oil conservation in particular. The analysis of marginal energy/GNP ratios[1] is an exceedingly complex and indecisive field, for a number of factors have been simultaneously at work: higher energy prices; slower growth, including two sharp recessions; public policies, including in the United States a mandate for more energy-efficient automobiles; short-run, nonrepeatable changes in energy consumption (e.g., housing insulation); and investments in energy conservation that will yield results only after a long period of time (e.g., mass transport). In all conscience, no one can be dogmatic about what kind of marginal energy/GNP ratios we will see in the 1980s and 1990s.

The U.S. energy conservation performance has, by all measurements, been good, bringing the marginal energy/GNP ratio down from about 1 to perhaps 0.5 — a lower figure than for Western Europe and Japan where smaller automobiles and higher energy prices contributed to lower average energy/GNP ratios than in the United States, although other factors (notably geography) helped bring about the result. Canada, for example, operates with a higher average energy/GNP ratio than the United States.

Despite the complexities of energy/GNP measurement and analysis, three simple but far-reaching conclusions seem justified:

*First,* so far as oil is concerned, increases in consumption in the world economy are still required if GNP is to expand. For example, taking conservation fully into account, the national estimates assembled by the International Energy Agency (IEA) suggest that the global demand for oil (excluding communist countries) will increase at an annual rate of 2.4 per cent for the period 1978-1985 and 2.1 per cent for 1985-1990. For the advanced industrial countries, the figures are 1.5 per cent and 0.8 per cent, respectively.

*Second,* as these figures imply, the developing nations of Latin America, Africa, the Middle East, and Asia are at stages of development when their growth rates and their marginal energy/GNP ratios are higher than those of the advanced industrial countries: their populations are increasing more rapidly; energy-intensive new technologies are being absorbed; their cities are growing faster; their possibilities for conservation are more limited. The World Bank estimates that energy consumption in these developing areas will grow at the rate of 6.2 per cent annually in the 1980s, and that their marginal energy/GNP ratio will drop from 1.3 in the

[1] The *marginal energy/GNP ratio* measures the percentage increase in energy consumption associated with a 1 per cent increase in real GNP. The *average energy/GNP ratio* measures the amount of energy consumed (usually expressed in British thermal units) to produce, say, $1 of GNP.



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1960s to 0.8 in the 1974-1980 period. Therefore, their relative claim on the global pool of oil will rise, a fact reflected in all projections of which I am aware.

*Third,* the legitimate claim of the United States on the global oil pool will, relatively, decline: we are an advanced industrial country; we still have substantial margins for conservation; and we are the best endowed with alternative energy sources.

Thus, when the heads of government met in Venice in June 1980, they confronted a decade of declining oil availability, increasing oil requirements in the advanced industrial world, and rising claims on oil consumption from OPEC and other developing nations. A substantial gap emerged, therefore, between the oil estimated to be available to the IEA countries and their minimum requirements. Table I suggests the order of magnitude of the situation they confronted. In addition, of course, the IEA governments had to take into account the possibility that political or military events might, as in the case of Iran since 1978, further reduce oil availability.

TABLE I

OIL SHORTFALL AMONG IEA COUNTRIES

(MBD)

| | *1978* | *1985* | *1990* |
|---|---|---|---|
| Oil available to IEA countries | 23.8 | 22.4 | 19.3 |
| Net oil-import requirements | 23.8 | 26.2 | 29.9 |
| Shortfall | 0 | 3.8 | 8.6 |

*Source:* IEA, *Energy Policies and Programmes of IEA Countries: 1979 Review* (Paris, 1980), p. 15.

If no new dispositions were made, the IEA countries faced a decade of continued slow growth and of inflation exacerbated by further increases in the real price of oil — all this assuming that conservation measures would be intensified. That is why the governments of the major industrial countries committed themselves at Venice to policies of rapid substitution of coal and nuclear energy for oil: "We must rely on fuels other than oil to meet the energy needs of future economic growth. This will require early, resolute, and wide-ranging actions. Our potential to increase the supply and use of energy sources other than oil over the next ten years is estimated at the equivalent of 15-20 MBD of oil. We intend



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to make a coordinated and vigorous effort to realise this potential. To this end, we will seek a large increase in the use of coal and enhanced use of nuclear power in the medium-term, and a substantial increase in production of synthetic fuels, in solar energy and other sources of renewable energy over the longer term." Of the 15-20 MBD additional energy production in forms other than oil, 7-9 MBD are planned to come from coal, 4-6 MBD from nuclear, and 4-5 MBD from other sources. The increase from other sources was estimated at 1-2 MBD from synthetics, 1-2 MBD from natural gas, and 2 MBD from hydroelectric, solar, and other renewables.

As for the United States, in July 1979 President Carter set a net oil-import ceiling of 8.5 MBD and an oil-import target of about 4 MBD by 1990. The target was broadly justified for a variety of reasons, some of which I have already suggested: the United States has greater margins than most industrialized nations for further economy; we command vast unexploited hydrocarbon reserves; our balance-of-payments position, already weakened by a decade of low productivity increases, just cannot stand the burden of a continuing high level of oil imports; and our strategic responsibilities, to ourselves and others, require that we greatly reduce our dependence on a highly vulnerable flow of imported oil.

Here the target is a U.S. net energy-export position by 1990. As we shall see, this requires that the United States assume somewhat more than half the burden of achieving the Venice summit targets; and this allocation of responsibility is not unfair, since we consume more than half the energy used by the advanced industrial countries of the noncommunist world and have coal-exporting potential. On the other hand, once the United States is launched on a policy path that would credibly lead to radically reduced oil imports by 1990, we should insist on equally redoubtable efforts from our IEA partners. The United States' energy performance in the 1970s was so palpably inadequate that, to a certain extent, the other IEA countries substituted complaints about us for all-out efforts of their own. They hoped that, if the United States would reduce its claim on the international oil pool, then their oil requirements might be met more easily and with less internal readjustment of energy sources. After all, the switch of utilities from oil to coal and the enlarged exploitation of nuclear power are not easy paths for politicians to pursue, whether here or abroad. But if the world economy is not to wallow along in a swamp of stagflation in the 1980s, risking increasingly serious social, political, and strategic consequences, an all-out effort to achieve or better



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the Venice targets will be required, together with equally heroic efforts within the developing world to substitute for a waning supply of oil imports by expanding domestic energy production of all kinds.

Coal and nuclear power are two major alternatives to oil that can be expanded rapidly. Coal can substitute fully for oil, including its use in synthetics. Nuclear power can substitute only for oil used to generate electric power, at least until an efficient battery-powered car comes along. Natural gas, less constrained than oil, can also make a useful contribution; oil shale, as well as coal, will almost certainly play an important role in the production of synthetics; and, clearly, renewable energy sources should be developed as rapidly as possible: hydroelectric, solar, biomass, geothermal, and the others. I shall return to these sources, which have environmental and other attractions, in discussing the "soft energy path." But the brutal energy arithmetic of the world economy tells us that there is no way to balance the globe's and the nation's energy books without protracted, corrosive stagflation unless we exercise vigorously in the next generation both the coal and the nuclear option.

In setting a target of an additional 4-6 MBD from nuclear power by 1990, the chiefs of government who met in Venice were talking about something in the area of an additional 140-215 nuclear plants in the advanced industrial world. To exercise the nuclear option on anything close to this scale will require a high order of statesmanship in each democratic nation: the global oil situation, as well as the links among the oil shortfall, unemployment, and inflation, must be persuasively explained; the limited but critically important role of nuclear power in substituting for oil as a source of power and heat must be made clear; the problems of nuclear safety and waste disposal must be dealt with in ways that earn public confidence; and the opposition will have to be resolutely faced down.

How difficult the task of political leadership has been is suggested by the fact that OECD (Organization for Economic Cooperation and Development) forecasts of installed nuclear capacity in 1985 have been reduced by 60 per cent in the past ten years (although the slowdown in the world economy and the demand for electricity also played a part). To a degree, still further increases in coal utilization can substitute for the nuclear shortfall; but, in fact, both options will have to be exercised because of the



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considerable infrastructural requirements that will accompany a massive increase in coal use, even under the best of circumstances.

The central task of our political leadership, then, is to make it clear that, as of 1980, the world has come to a stage where fine-grained analyses of energy options are no longer relevant. If our societies are to remain viable, we shall have to exercise all the options we have: conservation plus all the methods of energy production at hand, "hard" and "soft." If we had got on with the job promptly after the 1973 quadrupling of the oil price, things might now be different, but we substantially wasted seven precious years hoping that the energy crisis was an unreal fabrication or that something would turn up to exorcise it. Down the road —perhaps by the mid-1980s — potentialities may begin to emerge that will offer options for the longer future: for example, commercially feasible photovoltaic cells, efficient battery-powered automobiles, safe hydrogen fuel, and (later) perhaps fusion power. We can quite easily modify our energy balance sheets to phase in such possibilities, because it takes time to diffuse on a mass scale even a commercially practicable new technology. Unless we are to allow the 1980s to be as disastrous a decade as the 1930s, however, we have got to face up to the potentialities and problems of nuclear power and coal.

For the United States, coal represents a great opportunity as well as a set of challenging problems. It is an opportunity because we command enormous coal reserves that can meet our own needs and those of others. Coal can be converted into synthetic gas and oil; coal can substitute for oil in heating, in the generation of electricity, and in a variety of chemical and other industrial uses.

Now for the challenge. The World Coal study, a project directed by Professor Carroll L. Wilson of MIT, with the participation of representatives from seventeen nations, provides a vivid portrait both of the immense structural shift in energy resources required over the next generation and the critical role of coal in that process. Its projections are based on two cases: Case A, where OECD energy use increases at a rate of 1.75 per cent annually for 1977-2000, implying a real growth rate of, say, 3 per cent; Case B, a 2.5 per cent energy rate, with about 4 per cent real growth. Calculations are made for what other energy sources might contribute, including a tripling in the contribution of nuclear power. The assumed marginal energy/GNP ratio is, evidently, about 0.6. Tables II, III, and IV show, for these two cases, coal requirements by country for the OECD;



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TABLE II

COAL REQUIREMENTS IN OECD COUNTRIES*

(mtce)

| *Country/Region* | *1977* | *1985* | | *2000* | |
|---|---|---|---|---|---|
| | | *Case A* | *Case B* | *Case A* | *Case B* |
| Canada | 25 | 44 | 41 | 82 | 121 |
| United States | 509 | 655 | 725 | 1,075 | 1,700 |
| Denmark | 4.6 | 10.7 | 11.1 | 9.4 | 20.9 |
| Finland | 4.3 | 4.4 | 4.4 | 9 | 13 |
| France | 45 | 35 | 59 | 48 | 125 |
| Italy | 13.5 | 22.3 | 22.9 | 31.5 | 60.5 |
| Netherlands | 4.5 | 10.4 | 10.4 | 23 | 38 |
| Sweden | 2.1 | 5.1 | 5.4 | 17 | 26 |
| United Kingdom | 109 | 107 | 115 | 133 | 179 |
| West Germany | 102 | 119 | 126 | 150 | 175 |
| Other Western Europe | 51 | 61 | 83 | 135 | 175 |
| Japan | 79 | 97 | 102 | 150 | 224 |
| Australia | 38 | 65 | 65 | 141 | 166 |
| TOTAL | 990 | 1,235 | 1,370 | 2,000 | 3,025 |

* Includes steam plus metallurgical coal. Totals rounded.

*Source:* Carroll L. Wilson, project director, *Coal — Bridge to the Future: Report of the World Coal Study* (Cambridge: Ballinger, 1980), p. 15.

world steam-coal imports by country and region (excluding metallurgical coal); and estimated coal export potentials for the principal exporters. The study shows, for Cases A and B respectively, total world coal import requirements for the year 2000 of 560 and 980 million metric tons of coal equivalent (mtce).[2] The conversion into millions of barrels of oil equivalent per day (mboed) is at the ratio of 76; that is, the world coal import requirement in the year 2000 for Case B (980 mtce) is equal to 12.9 mboed — nearly half the oil exported from OPEC countries in 1979. For 1990, world coal import requirements for Case A are estimated at 4.9 mboed; for Case B, 6.2 mboed. These figures compare with 2.6 mboed coal imports in 1977. The World Coal study estimates that limitations on the world oil supply or a failure to meet nuclear targets could, in the first case, more than double OECD steam-coal import requirements; in the latter case, almost double those requirements. The Venice summit calls for a doubling of coal production and use by about 1990. That would mean (see Table II) that the Case-A figure for the year 2000 in the World Coal study would be approximated by

[2] See Carroll L. Wilson, project director, *Coal — Bridge to the Future: Report of the World Coal Study* (Cambridge: Ballinger, 1980), p. 19.



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TABLE III

WORLD STEAM-COAL IMPORTS*

(mtce)

| Country/Region | 1977 | 1985 | | 2000 | |
|---|---|---|---|---|---|
| | | Case A | Case B | Case A | Case B |
| Denmark | 4.6 | 10.7 | 11.1 | 9.4 | 20.9 |
| Finland | 4.1 | 3.4 | 3.4 | 7.7 | 12.4 |
| France | 14 | 11 | 34 | 26 | 100 |
| Italy | 2 | 10.3 | 10.9 | 16.5 | 45.5 |
| Netherlands | 1.5 | 7 | 7 | 19.9 | 34.2 |
| Sweden | 0.3 | 2.9 | 3.2 | 14.3 | 23.1 |
| United Kingdom | 1 | 0 | 0 | 0 | 15 |
| West Germany | 3 | 9 | 11 | 20 | 40 |
| Other Western Europe | 7 | 13 | 13 | 32 | 42 |
| Total OECD Europe | 37 | 67 | 94 | 146 | 333 |
| Canada | 6 | 6 | 5 | 8 | 4 |
| Japan | 2 | 6 | 7 | 53 | 121 |
| TOTAL OECD | 45 | 80 | 105 | 210 | 460 |
| East and Other Asia | 0 | 5 | 24 | 60 | 179 |
| Africa and Latin America | 1 | 3 | 3 | 6 | 10 |
| Centrally Planned Economies | 17 | 20 | 20 | 30 | 30 |
| TOTAL WORLD | 60 | 105 | 150 | 300 | 680 |

* Totals rounded.

*Source:* Carroll L. Wilson, project director, *Coal — Bridge to the Future: Report of the World Coal Study* (Cambridge: Ballinger, 1980), p. 20.

1990 and the Case-B figure for the year 2000 would be exceeded by 1990.

To put the numbers aside for a moment, the energy situation confronted in the world economy and the appropriate response to it are, essentially, simple:

(1) For some time, a peaking out of global oil production sometime in the 1980s was predicted by many qualified analysts. Given conventional production lead times, those analysts urged from 1973 forward an all-out effort both to produce alternatives to oil and to conserve energy.

(2) Given maximum feasible conservation measures, increases in real output will require enlarged supplies of oil or substitutes for oil, although marginal energy/GNP ratios have been substantially reduced.

(3) Intersection of the curves of oil demand and supply came in 1978-1979, instead of in 1983 as projected by the CIA, as a direct and indirect consequence of the Iranian Revolution and the drastic cut in Iranian oil production and exports.

(4) Having failed to act in a forehanded way, the world economy was thrown into a second major deceleration, affecting all except the oil exporters. In the course of the 1980s, some of those exporters whose production will peak out (e.g., Venezuela, Nigeria, Algeria, Indonesia, the USSR)



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TABLE IV

ESTIMATED COAL EXPORT POTENTIALS

(mtce/year)

| *Country/Region* | *1977* | *2000* | |
|---|---|---|---|
| | | *Current Expectations* | *Maximum Potential* |
| United States | 49 | 125–200 | 350 |
| Australia | 38 | 160 | 200 |
| Republic of South Africa | 12 | 55–75 | 100 |
| Canada | 12 | 27–47 | 67 |
| Poland | 39 | 50 | 50 |
| Soviet Union | 25 | 50 | . . . |
| People's Republic of China | 3 | 30 | . . . |
| West Germany | 14 | 23–25 | . . . |
| India and Indonesia | 1 | 5 | . . . |
| Latin America, Africa, others | 7 | 25–50 | . . . |
| TOTAL | 200 | 550–700 | 930 |

*Source:* Carroll L. Wilson, project director, *Coal — Bridge to the Future: Report of the World Coal Study* (Cambridge: Ballinger, 1980), p. 22.

will come to share the plight of the oil importers. Belatedly, every region of the world thus faces a choice: either to accept progressively slower growth and exacerbated inflation or to engage in an all-out effort to expand energy production in substitution for oil as well as to conserve oil.

(5) In confronting this challenge, the possibilities open to each country will vary with the resources and technologies that it commands or can acquire; but expanded nuclear power and coal utilization are fundamental to a successful outcome.

(6) What the United States does or fails to do in response to this situation will be critical both for ourselves and for the world community as a whole. This is the case not only because the American economy is still a critical variable determining the course of the world economy, but also because the United States is now a major claimant for limited world oil supplies and is potentially a substantial energy exporter.

## III

Against this background, let us turn to the prospects for the nation's energy balance sheet in the 1980s. Table V sets down estimates presented on June 2, 1980, by Professor W. L. Fisher to the Committee on Energy and National Resources of the National Governor's Association. Professor Fisher is director of the Bureau of Economic Geology, chairman of the Council on Energy Resources at the University of Texas at Austin, and a former assistant secretary in the Department of the Interior. For each item on the balance sheet, Fisher presented the range of estimates given by others, his own net judgment, and the reasons for his view.



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TABLE V

AN ESTIMATE OF THE U.S. ENERGY BALANCE SHEET
(mboed unless otherwise indicated)

| | *1979* | *1990* | *Range of Other Estimates** |
|---|---|---|---|
| Average real growth in GNP | ←——2.5%——→ | | 2.5%-3% |
| Marginal energy/GNP ratio | ←—— .4 ——→ | | At low range of recent forecasts |
| Total energy consumption | 38.9 | 43.4 | |
| Total energy production† | 29.8 | 33.6 | |
| Oil | 8.5 } 10.1 | 7.7 | 7.2-11.5 |
| Natural gas liquids | 1.6 } | | |
| Natural gas | 9.3 | 7.7 | 6.75-8.45 |
| Synthetic oil and gas | 0 | 1.2 | .7-1.6 |
| *Subtotal,* oil and gas | 19.4 | 16.6 | 14.65-21.55 |
| Coal† | 7.5 | 11.3 | 10.9-13 |
| Nuclear | 1.4 | 4 | 3.9-5 |
| Hydro and other | 1.5 | 1.7 | 1.6-2 |
| *Subtotal,* coal, nuclear, and other | 10.4 | 17 | 16.4-20 |
| Imports (oil and liquefied natural gas) | 9.1 | 9.8 | 12.35-1.85 |
| Coal exports | .7 | 0 | |

* Fourteen separate projections made over the past two years were consulted, including seven industry projections and seven by government, academic, or other nonindustry institutions.

† Excluding coal exports.

*Source:* W. L. Fisher, Bureau of Economic Geology, University of Texas at Austin.

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A number of observations are in order:

(1) With respect to conservation, Fisher took a hopeful position, using a marginal energy/GNP ratio of 0.4 to avoid exaggerating the production required to reduce oil imports. Most projections use a slightly higher rate.

(2) There is no attempt in Table V to calculate the increase in coal exports; therefore, coal production for export during the 1980s is not shown.

(3) Fisher was presenting his best rough approximation of the energy outlook for the decade under existing or marginally modified policies; he was not seeking to estimate what might happen if policy were radically changed.

(4) His conclusion that the United States would still require something on the order of 9 MBD imports in 1990 is consistent with projections by the IEA, the World Coal study, Exxon, and others. That means the United States would be demanding for itself in 1990 a higher proportion of the oil available for import than it was in 1979; for example, 51 per cent of the total available to the IEA countries rather than 38 per cent. For the many reasons set out earlier, this is not a feasible position. Unless the U.S. energy performance is radically altered, therefore, the outcome is likely to be further radical increases in oil prices, a U.S. growth rate well below the 2.5 per cent projected in Table V, chronic severe unemployment, large idle industrial capacity, and low investment and productivity levels.

Before considering the kinds of changes in the balance sheet necessary to achieve a net energy-export position by 1990, it may be useful to examine the factors at work that, variously estimated, produced the considerable range of the projections shown in Table V. Embedded in those numerical differences are assumptions about the key policy issues that the nation must confront if it is to change course.

*Oil, Natural Gas Liquids, and Natural Gas*

Perhaps the least understood dimension of the U.S. energy situation has to do with its most familiar components: oil and natural gas. First, existing U.S. reserves are declining so fast that we would have to drill at almost twice today's already high level to hold production constant during the 1980s, assuming that the finding rate (the number of feet drilled to establish a given unit of reserves) remains constant. At present drilling rates, the 1990 figure for oil, natural gas liquids (NGL), and natural gas would fall to about 10 mboed, in contrast to the current figure of about 19 mboed. Second, the finding rate is in decline; that is, the number of barrels of oil equivalent (boe) per foot drilled is dropping. At the present rate of decline, it could drop from about 53 boe



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per foot to about 23 boe per foot in 1990. That decline could be mitigated, postponed, or even temporarily reversed if frontier drilling areas, under federal control, were opened up quickly and were to prove productive.

Judgments on future public policy and on the productivity of unexplored basins understandably vary. The range of the oil and gas estimates in Table V reflects such differing judgments on the availability and productivity of frontier areas in the 1980s and, a related question, on the likely finding rate. As do Fisher's oil and gas estimates for 1990 (see Table 5), virtually all such projections assume an annual rate of increase of 6-7% in feet drilled. This prodigious additional effort is required to hold off even more serious declines in domestic oil and natural gas production. There is general agreement that the prospects for finding additional natural gas reserves are somewhat better than for oil.

The other area of difference among the projections relates to unconventional production: synthetic oil and gas, tertiary recovery, and infill drilling (i.e., more intensive drilling of a given field). Aside from technological uncertainties (e.g., the commercial potential of methane-saturated geothermal waters), public policy is again an important variable, notably with respect to synthetics. Here what will matter is the kind of financial assistance that will be offered to the private sector, the bureaucratic delays, and, especially, the amount of time and the firmness of decisions relating to the environmental framework for synthetics production.

*Nuclear Energy*

Fisher chose 4 mboed as probable nuclear output in 1990 because that figure would represent the operation of all extant nuclear plants plus those now under construction or on order. Once again, uncertainties in public policy make projection extremely difficult. It should be clear, however, that Fisher's figure as well as the range of 3.9-5 mboed in other estimates (see Table V) demand that we solve promptly the array of political and policy issues now impeding the use of nuclear power. In 1979, in fact, nuclear power output was down about 8 per cent from 1978. There have been no new orders since 1978; many orders have been canceled or deferred; more cancellations or deferrals are possible. In short, for the United States, as for the world as a whole, failure to solve the political problems surrounding the use of nuclear power will throw a further substantial burden on coal production



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and use. If those problems are solved, we are talking about something in the area of a tripling of nuclear power output in the United States by 1990.

*Hydro and Other Energy Sources*

The consensus is that in the course of the 1980s the additional contribution from hydro, solar, and other renewable sources is likely to be, at the maximum, 0.5 mboed; although technical progress made in the eighties could yield much more substantial results in the following decade.

*Coal*

The figure for coal in Table V (which excludes increased coal exports) is modest, but Fisher's purpose is simply to dramatize that coal is the balancing item: "While contributions from all these sources, plus others that may come on during the decade, are critical, the significant numerical balance lies inescapably with coal. This is where any analytic look at the numbers has consistently brought us."

So much for a sober, realistic view of prospects as they are under present policy. Despite the target of 4 MBD of imports for 1990, despite the Venice summit communiqué, we are still on a path that would require some 9 MBD of imports in 1990 with a mediocre average growth rate for the decade of 2.5 per cent; 9 MBD in imports will not be available to us; and we could not afford to buy that volume of oil at probable prices even if the oil were available.

Let us now turn, therefore, to what a U.S. energy balance sheet would look like if the nation were to commit itself in the early months of 1981 to achieve a net energy-export position by 1990. One way to derive such a balance sheet would be to set targets approximating the higher end of the ranges set out in Table V. If achieved, this would produce a quite satisfactory result: total production in 1990 of 41.55 mboed. If total U.S. energy consumption were still to be estimated at 43.4 mboed, then required oil imports would be only 1.85 MBD. A coal export figure of at least 2 mboed ought to be attainable over the next decade. A net energy surplus emerges.

This simple procedure is not satisfactory, however, for the following reasons:



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(1) An all-out energy production and conservation effort would require, for reasons to be seen, a surge of investment that would take the U.S. economy back to sustained full employment. This, in turn, would bring about a resurgence of productivity. Thus, we must count on a higher rate of increase in real GNP in the 1980s and a higher rate of growth of energy consumption. In Table VI we assume a 3.5 per cent real growth rate for the United States, rather than 2.5 per cent, as in Table V. This assumes (a) the working force will expand at 1.5 percent and will be more or less fully employed, and (b) the rate of productivity increase will rise from its low recent performance, averaging 0.5 per cent annually, to 2 per cent. These are high, optimistic assumptions; but we did not wish to make attainment of a net energy-export position seem artificially easy by underestimating the playback on the economy and on energy consumption of an all-out energy production effort.

(2) I have kept Fisher's 0.4 marginal energy/GNP ratio from Table V, but it should be understood that the increased use of coal as a substitute for more energy-efficient oil and gas means that there will be some upward pressure on the marginal energy/GNP ratio. Therefore, in Table VI, by assuming a 0.4 ratio, we imply a redoubtable conservation performance over the next decade. When combined with a 3.5 per cent real growth rate measured from 1979, energy consumption in 1990 is thus higher than in Table V: 45.3 mboed rather than 43.4 mboed.

(3) With respect to oil, NGL, and natural gas, I am inclined to believe that it may be possible, with a maximum effort and an optimum public policy, to sustain natural gas production at roughly the 1979 level, but that oil and NGL production will decline. As compared with the maximum estimate for this category in the right hand column of Table V, we would therefore raise somewhat the natural gas figure, lower the oil figure, and emerge with total output in 1990 of 18.3 mboed, compared to 19.4 mboed in 1979.

(4) If in the first half of 1981 a determined effort could be begun on, essentially, a war production basis, then synthetic production of oil and gas in 1990 could be much higher than the maximum figure in Table V (1.6 mboed). Our figure is 6 mboed. The conditions for achieving this ambitious goal are discussed below.

(5) Aside from relieving certain production and transport constraints, which we believe quite likely during the 1980s, coal production is limited by demand. Taking into account maximum feasible substitution of coal for oil, as well as expanded coal consumption in present uses and exports (estimated at 3 mboed in 1990), we believe that coal production for these conventional purposes could be increased by about 80 per cent, assuming an increase of nuclear power over the decade of 3.6 mboed.

(6) In addition, we estimated that a *further* 5.4 mboed in coal production would be necessary for synthetic fuel plants, assuming that half the envisaged 6 mboed in synthetics is based on coal, half on shale. The Department of Energy's conversion ratio of coal to synthetics (approximately 1.8) was used. This means that total coal production, including its use for synthetics, would be 20 mboed in 1990; but to include on our balance sheet the coal used to produce synthetics would be double counting.



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These judgments are reflected in Table VI, along with lesser changes to the energy balance sheet that might accompany an all-out effort toward a net energy-export position by 1990. The result: an oil import requirement reduced to 1.9 MBD, coal exports of 3 mboed, and a net energy-export position of 1.1. This would require (including increased coal exports and coal for synthetics) an annual average increase in U.S. energy production of 4.9 per cent — a high but not unrealistic figure. It compares, moreover, to virtual stagnation in U.S. energy production since 1973: an average annual increase of only 0.2 per cent, despite the coming on stream in that period of North Slope oil.

TABLE VI

BALANCE SHEET FOR A U.S. NET EXPORT POSITION BY 1990
(mboed unless otherwise indicated)

| | *1979* | | *1990* |
|---|---|---|---|
| Average real growth in GNP | ←——3.5%—→ | | |
| Marginal energy/GNP ratio | ←—— .4 —→ | | |
| Total energy consumption | 38.9 | | 45.3 |
| Total energy production* | 29.8 | | 43.4 |
| Oil | 8.5 | 10.1 | 9 |
| Natural gas liquids | 1.6 | | |
| Natural gas | 9.3 | | 9.3 |
| Synthetic oil and gas | 0 | | 6 |
| *Subtotal*, oil and gas | 19.4 | | 24.3 |
| Coal† | 8.2 | | 14.6 |
| Nuclear | 1.4 | | 5 |
| Hydro and other | 1.5 | | 2.5 |
| *Subtotal*, coal, nuclear, and other | 11.4 | | 22.1 |
| Coal for synthetics | 0 | | 5.4 |
| Imports (oil and liquefied natural gas) | 9.1 | | 1.9 |
| Coal exports | .7 | | 3 |
| NET ENERGY IMPORTS | 8.4 | | —1.1 |

* Excluding coal exports and coal for synthetics.
† Including coal exports.

Brief comments on two of the lesser changes in Table VI from the estimates for 1990 in Table V are called for. Under "Nuclear," the figure is raised from 4 mboed to 5 mboed for two reasons: first, the political requirements for achieving the lower figure, if fulfilled, should make acceptable the building of the plants required for the higher figure; second, the assumed 3.5 per cent growth rate for the economy in Table VI is likely to require the increase in electricity supply represented by the higher figure. The



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somewhat higher figure for "Hydro and other" in Table VI reflects the desirability of and need for a much more determined effort than we have seen, if we are to exploit the potentialities of passive solar units for hot water and home heating as well as the potentialities of renewable energy resources.

Before turning to the policy framework required to render something approaching the targets in Table VI practicable, a general comment is necessary. The purpose of Table VI is limited. It is to suggest the order of magnitude of the increased national effort needed to overcome the disaster implicit in Table V, which represents a continuation of our energy effort along present lines. A much more detailed analysis would be required to yield a national operating plan, including, for example, regional energy balances and fuel balances by end use. But for our special, narrow purpose, I believe that comparing Tables V and VI is useful and permits us to pose some of the policy issues at stake.

## IV

The changes in public policy necessary to achieve a net energy-export position by 1990 are many; and most of them are in themselves politically and administratively complex. To elaborate those changes would require a book rather than a few pages in a journal. Here, for example, is the IEA's quite reasonable list of recommendations to Washington in early 1980:

The Government of the United States should:

A. Conservation
- — implement the phased decontrol of crude oil and natural gas prices and accelerate the schedules where possible.
- — deregulate gasoline prices.
- — place stronger emphasis on conservation in the formulation of overall energy programmes since conservation is the most readily available energy option for achieving mid-term oil import targets.
- — take stronger initiatives — including increased public funds where appropriate — to enhance public awareness about the seriousness of the current as well as future energy situation in the U.S.; such initiatives should be developed in close co-operation with various industrial and consumer organisations.
- — collaborate with industry, as closely as possible, instituting systems to monitor the progress in reaching energy efficiency targets and considering, if necessary, appropriate incentives or disincentives.
- — maintain and where possible strengthen public transport by



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rail or on the road so as to enable it to have an increasing share in passenger transport.
- — extend existing fuel efficiency standards to include light trucks and recreation vehicles.
- — raise existing fuel efficiency standards for the years after 1985.
- — consider the imposition of increased federal taxes on gasoline as well as a nationwide system of car registration and/or purchasing taxes on the basis of fuel efficiency.
- — monitor the effectiveness of the programmes in place and, if necessary, reinforce the financial and fiscal incentives to exploit fully the energy saving potential through retrofitting.
- — initiate a programme to promote wide use of cogeneration by removing institutional constraints and offering appropriate financial incentives.

B. Supply
- — expedite the OCS [outer continental shelf] leasing schedule and provide financial incentives adequate to accelerate exploration and development in such high-risk areas.
- — proceed expeditiously on oil pipeline construction.
- — ensure the early construction of the Alaskan natural gas line by whatever means are appropriate.
- — review the present environmental regulations, with a view to streamlining decisions in a way that provides more certainty to energy policy and cuts down lead times while protecting basic environmental standards.
- — promote improvements in the field of coal transportation.
- — urge utilities to develop as quickly as possible the technological and organisational competence to meet the more stringent safety requirements; consider possible assistance from Government, if necessary.
- — stick to coal as the fallback fuel if nuclear licensing is delayed so that additional oil will not be needed to fill a possible gap in energy supplies.
- — give priority to the Licensing Bill which would rationalise and shorten the present procedure.
- — take early decisions on both permanent and interim storage facilities, to alleviate the uncertainty of utilities about developing nuclear capacity.
- — pursue vigorously the President's proposal to expedite the development of synthetic fuels.
- — promote the further development of decentralised solar energy.

For the purposes of this exposition, I shall focus on just a few critical issues directly related to major production targets in Table VI.



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*Oil and Natural Gas*

Three actions would minimize the reduction in conventional oil and gas production from present levels:

(1) Accelerated deregulation of oil prices and, especially, natural gas prices. The further rise of the oil price in 1978-1979 has created a situation where natural gas is significantly underpriced.

(2) The accelerated opening up of areas under federal control for exploratory drilling and development. A number of areas are now denied where there is a quite high probability of substantial and productive reserves: e.g., in Alaska, offshore areas, and in the Overthrust Belt.

(3) A substantial switch in taxation from the present excess profits tax to a ploughback tax; that is, a system in which additional profits derived from oil or gas deregulation could be retained by energy firms if — but only if — they were ploughed back into energy production. For independents and wildcatters it is now clear that the rate of drilling is a function of cash flow. For the large energy firms, it now seems probable that synthetic production of oil and gas from coal and shale is commercially feasible without subsidy or that such devices as federal loan guarantees will suffice. On the other hand, some public funds may be needed for mass transport, coal transport and dock facilities, pilot plants, and so on. Such enterprises do justify an excess profits tax. But, in general, the reduction of cash flow to, and investment by, the energy industry is unlikely to be compensated for by public outlays of equal productivity on the scale required by present excess profits tax legislation.

*Synthetics*

The radical increase in the synthetics target for the 1980s is, evidently, the most dramatic change in the balance sheet presented in Table VI. A capacity to produce 6 mboed of synthetic gas and oil by 1990 would require the construction of, say, 120 plants of 50,000 boe per day, each plant costing about $2.5 billion at 1980 prices and costs. Capital outlays would thus total some $300 billion, an annual average investment over the decade of $30 billion.[3] It is big, serious business. But a plant lasts at least twenty years; and the cost of 6 MBD of imported oil at, say, $30 per barrel would come to about $1,314 billion over twenty years. When annual labor, raw material, and other costs are added to capital costs (which are normally about 75 per cent of the total), it is evident that the nation would be well repaid for the effort, quite aside from

[3] One way to put this $300-billion total into perspective is to recall the following estimate, presented to the Senate Finance Committee on July 24, 1980, by Professor Walter Heller: "if the economy had been growing at 2% in 1979-1981 instead of going through three years of slowdown, recession, and sluggish recovery, it would have produced a total of $300 billion more (in today's prices) than it actually will produce over these three years."



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the many wholesome consequences of reducing reliance on oil imports. In passing, it should be noted that Exxon has recently estimated that the United States commands the capacity to build a synthetics industry, based on coal and shale, of 15 mboed, cost-effective and privately financed. Exxon sets the year 2010 as the target date for completion of such capacity.

To achieve a 6-mboed synthetics capacity by 1990 would require three conditions:

(1) the adoption of standard, commercially proved technologies;
(2) a method for prompt and definitive settlement of plant sites and environmental "rules of the game"; and
(3) the evocation of the 1975 energy modifications in the 1950 Defense Production Act in order to break production bottlenecks as well as special, accelerated-training measures to create the skilled manpower required.

The development of a full synthetics capacity in the West, from shale as well as from coal, may also require substantial water transfers; although that problem may arise only at production levels beyond 6 mboed.

Under these circumstances, lead times might be reduced to about three years. But the enterprise would have to be conducted, as with other aspects of a "Table VI energy program," in the spirit of and with the techniques of a war production effort.

*Coal*

The principal policy decisions required to achieve the coal target of an additional 11.8 mboed, including coal for synthetics, are —

(1) prompt and definitive settlement of the environmental framework for opening up new coal mines;
(2) relaxation of air-quality standards in certain areas where the substitution of coal for oil in utilities is possible and where air quality is now marginal, although existing or near-term technologies should greatly mitigate such environmental degradation; and
(3) assistance to the private sector, if necessary, in the rapid development of mine-to-port transport as well as in the expansion of port facilities for coal exports: in the East, from the Midwest mines down the Mississippi to New Orleans, and from the western mines to the West Coast ports.

*Nuclear*

The broad conditions for achieving the nuclear targets in Tables V and VI are essentially the same and have already been



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discussed. Again, a method will have to be established for a prompt and definitive settlement of site decisions, and a consensus will have to be reached on the environmental framework for construction and energy production.

As one stands back from this array of policy changes, the environmental issues emerge as central: for oil and natural gas, for synthetics, for coal, and for nuclear. We shall consider some of those environmental issues later. What is required, so far as policy is concerned, is the prompt and definitive settlement of the environmental framework in ways that permit private investment to proceed with confidence while, in the IEA phrase, "protecting basic environmental standards." Present delays — caused by bureaucratic guerrilla warfare in Washington; legal guerrilla warfare in the courts — are intolerable if we are ever to get on top of our energy problem. The first effort to deal with this now widely recognized problem — the proposed Energy Mobilization Board — failed in the Congress in the face of ill-sorted but converging opposition from environmentalists, on the one hand, and conservatives who feared it would constitute merely another bureaucratic layer impeding prompt settlement of this issue, on the other.

If the United States is to be serious about its energy problem, things cannot be left as they are. Some way must be found to make a single, definitive, and prompt settlement consistent both with energy requirements and with a decent respect for the environment. Given the extreme urgency of mounting an effective national energy policy, I am inclined to think that the best solution would be to suspend existing legislation under a "state of emergency" ruling by the Congress and simultaneously to empower the president to create a board to render prompt, definitive decisions. The decisions should not, however, be quite "once and for all." It is possible that authentic environmental problems, not at first envisaged, might emerge in the course of a given energy project. In such cases, a revision of the environmental rules should be possible, additional costs being borne either directly by the government or, with government agreement, passed along to the consumer.

A major reason for these recommendations is that delay in settling environmental issues has greatly lengthened energy production lead times; and, in the all-out program set out in Table VI, lead times will greatly matter. This is so because, for reasons explained below, the launching of the program will bring



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the economy back toward full employment (and higher energy consumption) more rapidly than it can yield new energy supplies. Outlays for men and materials will increase (and a more general expansion of income will be brought about) from the time the new investments are undertaken, but new energy supplies will become available only when the investments are completed. Some slack exists during this interval if, for example, the decision to proceed with "Table VI targets" were made in the first half of 1981: there is some excess utility capacity at the moment; there are substantial stockpiles of coal, and existing mines operating below capacity could be expanded quickly; perhaps some natural gas reserves are available; and, for the moment, stocks of oil and oil products are somewhat above normal requirements. There may also be an interval when it might be possible to increase oil imports in order to cover some additional needs during the new-investment gestation period, since some idle OPEC production capacity exists. High stakes are involved in shortening production lead times to the minimum, however, for there could well be a period, before new supplies come on the market, when some form of energy allocation or rationing might be necessary.

## V

We turn now to the economic possibilities and problems that would flow from a concerted national effort, conducted on a war production basis, to achieve the targets set out in Table VI. The heart of the matter is the scale of the investments required to reach those targets.

In a report by the Council on Energy Resources of the University of Texas at Austin (*National Energy Policy: A Continuing Assessment,* January 1978), two of my colleagues undertook to estimate the plant and equipment investment needed to reach, over a nine-year period (1977-1985), the production targets implicit in the National Energy Plan (NEP) put forward by the Carter administration at that time. Carter's plan involved a net increase of 9.6 mboed in annual production capacity, apart from finding of new oil and gas reserves in substitution for declining old reserves; increased outlays for energy conservation investment were also estimated. Converted from 1976 to 1979 dollars (using the GNP deflator for fixed, nonresidential investment), the total energy investment figure over the nine years came to $953 billion, of which $704 billion was for production and $249 billion was for conserva-



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tion: an annual rate over the nine years of $106 billion. The target set in Table VI is for a net increase over ten years of 16.6 mboed in annual energy production capacity. The higher target results mainly from the fact that the NEP sought an oil import level of 6 MBD in 1985. Here we are shooting for a net energy-export position by 1990. On the basis of rough analogy, the plant and equipment outlays for production would now come to $1,217 billion during the coming decade (in 1979 dollars); the total, including conservation outlays as earlier calculated, to $1,466 billion.[4] For production, the annual average outlay would be $121 billion (in 1979 dollars) compared with $78 billion in our earlier calculations. This would come to 4.2 per cent of GNP, projected for the 1980s at a 3.5 per cent annual average growth rate — a substantial increase over present levels of plant and equipment investment in energy production (say, 3 per cent). But estimates based on rough analogy from our earlier calculations are certainly too low because of (a) the increased drilling required to establish a unit of additional reserves of oil and natural gas, (b) the high capital-intensity of synthetics plants, (c) the investments needed to generate coal and shale supplies for synthetics plants, and (d) the considerable transport outlays implicit in the large expansion of coal use and export. Further, such plant and equipment calculations exclude substantial housing and other infrastructure outlays that would inevitably accompany any effort capable of moving energy production from its present virtual stagnation to anywhere near the 4.9 per cent annual growth rate envisaged in Table VI.

For our purposes, the central point is simple: increased investment on the scale required to achieve a net energy-export position by 1990 would constitute an enormous stimulus to the economy, one capable of returning us to sustained full employment. Moreover, the location of coal in the United States — and the sites of possible synthetics plants — ensures that the East and Middle West as well as the Mountain States and the Southwest would share fully in such an energy-based boom.

U.S. energy investment responsibilities in the 1980s would not, however, stop at the water's edge. The developing regions (including some OPEC members) face, as do the advanced industrial countries, the task of building a new energy base as the oil supply levels off and declines. The World Bank has recently estimated the

[4] We plan to refine this estimate substantially in a forthcoming report of the University of Texas Council on Energy Resources.



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energy-production investment requirements of the developing countries (including OPEC members) to be $683 billion (in 1980 dollars) for the 1980-1990 period. This annual average for the decade of $68 billion compares with a figure of $34.4 billion in 1980 and implies a formidable annual average investment growth rate of 12.3 per cent. For oil-importing developing countries, the required energy investment for the decade amounts to about $450 billion. A good deal of this capital will have to come from abroad. Overall, the World Bank estimates that in the developing countries the proportion of GNP invested in energy production must, at a minimum, rise from 2.3 per cent in 1980 to 3.2 per cent by 1990.

Should the United States undertake to become a net energy exporter in the 1980s, generating substantial coal exports required in Europe and the Pacific Basin, we would have the right to expect a large proportion of the capital flows from abroad (required to assist the developing regions expand production of oil alternatives) to come from Western Europe and Japan. (The capital-surplus OPEC countries also ought to make a substantial contribution to this essential effort.) But, notably in Latin America, additional flows of U.S. capital, both private and public, will be required.

Elsewhere (*Why the Poor Get Richer and the Rich Slow Down*), I have elaborated at length on the consequences for the United States of launching an all-out energy production and conservation effort. I will not repeat the details here. Briefly, we could expect the following:

(1) A sustained economic expansion, engaging all regions of the country, lowering unemployment rates and social welfare outlays, and raising tax revenues for all levels of government.

(2) A rise in the rate of productivity increase. The deceleration of productivity over the past decade has multiple causes, and there is no firm consensus on the weight to be assigned to each. It is clear, though, that one important factor has been the stop-and-go path of the economy, together with low average growth and low investment levels. An energy-based boom would correct this component.

(3) From the time a program to achieve a net energy-export position is credibly set in motion, the dollar will begin to strengthen, for it is now substantially undervalued owing to dim expectations abroad about future U.S. economic performance. This would damp import prices and reduce pressures for further increases in the dollar-denominated international oil prices; it would also elevate U.S. export prices. Over the course of the decade, as production results are actually achieved, the American balance-of-payments position and the stability of the international monetary system would greatly improve.

(4) An energy-based boom and the rise in U.S. export prices would



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render urgent a task that we must, in any case, face: the control of wage-push inflation. With wage increases running at close to 10 per cent, and with productivity declining as a result of the recession, wage-push inflation is more than 10 per cent. In the interest of brevity, I will simply assert that there is no way for a modern democratic society to eliminate such wage-push inflation except through a long-run incomes policy whereby business, labor, and government — backed by law — agree to accommodate wage increases to the average rate of increase in productivity.

One final, often overlooked point about energy and the economy must be made. Increases in the international oil price and in other energy prices have clearly been the greatest single cause of the stagnation or decline of America's real income per family since 1972 and of the deceleration of growth in most parts of the world. But a distinction must be drawn between *rising* real energy prices and high real energy prices; that is, prices much higher than in 1972, for example. It was the two intervals when energy prices jumped extravagantly — in 1973-1974 and 1979-1980 — that struck at real incomes. High, but stable, real energy prices or high, but gradually declining, real energy prices are quite compatible with reasonable growth rates and rising real incomes, as the revival of the world economy in 1976-1978 revealed. This is so because energy expenditures constitute only a modest proportion of all expenditures (say, 5 per cent). So far as the transition from $2.50 per barrel of oil to $30 per barrel is concerned, we have already taken our lumps. What is important for the world economy is that we all act in ways that put a ceiling on the real international oil price and, if possible, ways that gradually reduce it. This can be done only by producing an alternative to oil, on a substantial scale and at a price equal to or lower than the current oil price. A synthetics program of the order of magnitude recommended here should, together with the other actions proposed, create that ceiling. Moreover, if experience is any guide, the productivity of such synthetics operations should rise (and the costs of production decline) as experience with large-scale production increases with the passage of time.

## VI

It is now almost universally agreed that the world economy is in a transitional phase with respect to energy: we must sustain our industrial civilization with greater use of coal and nuclear power until we can generate new technologies based on almost infinite (fusion) or renewable (solar) resources. Breeder



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reactors, which use raw materials much more economically than current nuclear plants, are the only firm fallback now in sight.

The world economy has confronted this transitional task hesitantly and indecisively. Hard, unpleasant facts and experiences are pushing us to face reality: protracted stagflation; an extraordinary vulnerability to a cutoff of oil supplies from the contentious Middle East; an oil-price-induced deceleration in the developing world; and a fragile debt structure, created by the deficits of the oil importers, that threatens the viability of the world monetary and trade system. The argument here is that the United States should now confront this reality head on and move rapidly through the transitional process. In so doing, it will not only show the way but will put itself in a position to help others with coal exports. It will also radically improve the economic and social condition of our society, the state of our alliances, and our strategic position.

As noted earlier, however, there are some substantial environmental issues to be confronted and, if possible, resolved. We must face them, in any case, whether we try to get by with targets such as those in Table V or strive for those in Table VI.[5] There is, for example, a large question posed for all peoples by the transitional process: Will the inevitably increased use of coal raise the carbon dioxide content of the atmosphere such that climate changes, through higher temperatures, bring significant harm to some regions of the world? The analytic aspects of the problem are exceedingly complex because $CO_2$ flows into the atmosphere from so many sources: respiration of animals, decay of vegetation, evaporation from the oceans, and others. We simply do not yet know the scale of the natural input; but it is large compared with the input from coal combustion. Carbon dioxide is removed from the atmosphere by plant photosynthesis and absorption in the oceans. We know that the $CO_2$ content of the atmosphere is rising slowly (at about 0.4 per cent annually), but we do not know whether this is caused by deforestation, greater use of fossil fuels, or some other factor. The problem of climate change is complicated by the fact that around 1940 the world apparently entered a cooling phase, after an eighty-year warming cycle. I know of no one who advocates increasing the use of coal to counter a long

[5] There is, of course, a large and complex body of literature on energy and the environment. One clear and temperate summary of the issues and recommendations is to be found in Hans H. Landsberg, chairman of study group, *Energy: The Next Twenty Years* (Cambridge: Ballinger, 1979), esp. pp. 327-408.



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cyclical decline in temperature; but, for analysts, it is a puzzling complication.

We can conclude, then, that greater use of coal will certainly increase the flow of $CO_2$ into the atmosphere, since coal discharges about 25 per cent more $CO_2$ than oil, and 75 per cent more than natural gas. We do not yet know the total effect as compared with other variables at work, but serious scientific work is under way to improve both our understanding of the global $CO_2$ balance sheet and our capacity to measure the changes. No crisis is imminent, but it is not inconceivable that, say, early in the next century we may conclude that the use of coal should be limited.

The potential $CO_2$ problem — and it is, for the time, potential — justifies extremely high priority R&D for the refinement of the breeder reactor as well as for the development of fusion, solar, hydrogen, and other long-run energy sources that do not bring along large $CO_2$ discharges or, indeed, any other potentially degrading environmental consequences.

As for the other costs of an all-out production and conservation effort, they are real but in no way match the costs of not making the effort. Nevertheless, those costs should be explicitly faced. The mining, transport, and use of coal is by all calculations more costly in human casualties than natural gas, nuclear energy, or oil. Increased oil and gas drilling will intrude on certain areas now outside economic exploitation, but only those who are unfamiliar with the extremely limited environmental impact of such drilling regard this as a major problem. A large synthetics industry will use substantial tracts of land, and the mining of vast amounts of coal and shale will temporarily alter parts of the countryside; but there is every reason to believe that, at a manageable cost, the lands can be restored when the need has passed, as is, indeed, now happening in surface-mining areas. It may be necessary to relax sulfur emission standards in certain marginal regions to permit coal to substitute for oil, although the emerging array of possibilities for dealing with the pollution problem should make such a relaxation temporary. Some regions are now experiencing the impact of "acid rain," generated by distant emissions and spread in ways not wholly understood.

None of these problems and requirements is pleasant. There was never any guarantee that our industrial civilization, with all its amenities as well as flaws, could be sustained without cost or effort — and a part of that effort must be allocated to "protecting basic environmental standards."



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Not everyone, of course, is open to an effort such as that outlined here. Some believe we should avoid expanding the use of coal, shale oil, or nuclear power and move to what is called "the soft option"; that is, reliance on energy conservation plus the development of solar and other renewable energy sources.

There is every reason for caution in imputing motives to others. Nonetheless, those who oppose "the hard option" appear to fall into certain groups. First, there are those who believe that the planet faces an imminent "limits to growth" crisis; that growth must be halted, wealth and income redistributed. Quite often this view is accompanied by the evocation of a comfortable, static state of affairs where all are provided basic human needs and where a less materialistic way of life of "higher quality" is pursued. Others may not fully share the limits-to-growth doctrine and its positive ideology but regard "preservation of the environment" as the overriding criterion for public policy to which all else must accommodate. Another group seems sincerely to believe that solar and other forms of renewable energy are, in fact, at hand and on a scale sufficient to fill the gap in other energy sources, if only the public and private sectors would exploit them and also push energy conservation more rapidly than at present. Still others appear simply to be worried about the existing and prospective scale of nuclear power. And there may even be a few who perceive in opposition to "the hard path" a way to weaken the country and who are of a mind to do so.

I have analyzed the technical deficiencies of the limits-to-growth view elsewhere (*Getting from Here to There*). Trees do not grow to the sky, and there are, evidently, limits to the population this planet can feed, house, and sustain in decency; but, if birth rates continue to fall rapidly in the developing regions, there is every reason to believe that for most of humanity the problems of continued growth can be solved with known and probable resources and technologies. In parts of Africa and Asia, there are regions of extreme poverty now exacerbated by desertification and other kinds of severe environmental degradation. The plight of the peoples in those regions is an important part of the agenda of the world community, but one must not generalize from those pathological circumstances. As for "no growth" as an optimum way of life over, say, the next century, I will simply repeat some observations I made a few years ago:



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the thrust for affluence of less advantaged groups and nations is one of the most powerful forces operating on the world scene; and so is the determination of advantaged nations and social groups to sustain and even improve their material status. Thus far the tensions generated by these ambitions have been softened because the pie to be divided was expanding. It is one thing to quarrel about fair shares when all are gaining in real income: the struggle for fair shares is a more dour matter in the face of a static or low growth rate in income per capita. It is wholly possible, even certain, that, with the passage of time, man's perceptions of affluence will change. Almost two decades ago, in writing *The Stages of Economic Growth,* I raised the question of what would happen in the richer societies when diminishing relative marginal utility sets in, on a mass basis, for real income itself. The problem was much discussed in the 1960's. A margin of the most affluent young went into revolt against the values of material progress and the consequences of those values as they perceived them. They sought nonmaterial objectives. But that is not a majority view. The fact is that we must count, among both the early- and late-comers to industrialization, on a protracted period of effort to continue to grow. Right or wrong, the odds are that the effort will be made; and serious policy-making should be based on that probability. As a black colleague of mine once said, the disadvantaged of this world are about to buy tickets for the show; they are quite unmoved by the affluent emerging from the theater and pronouncing the show bad; they are determined to find out for themselves.[6]

Those who oppose "the hard path" are, I believe, a minority within the nation; but they have been influential, resourceful, and determined in the executive branch, the Congress, state and local government, and private life. Technically, they rarely face up to the exigencies of an energy balance sheet. They argue what is, in effect, a quantitative position in qualitative terms — in other words, "the soft option" is there if only we would choose it.

I do not suppose there is any significant group of American citizens who would prefer "the hard option" if "the soft option" were, in fact, available for the 1980s. The fact is, it was not available on the requisite scale in the 1970s, and the result of our delay in facing "the hard option" has been just short of catastrophic. Nor does "the soft option" appear to be available on the requisite scale for the eighties; although, as I noted earlier, it should be pressed forward, technologically and commercially, to the limits of the possible. That, in the end, is the appropriate mission for advocates of "the soft option" in a society and global community such as ours, and it may well yield substantial and gratifying results in the 1990s. What we need is a maximum effort on both fronts; for, as noted earlier, the time wasted in the 1970s has left us with no choice but

[6] W. W. Rostow, *The World Economy: History and Prospect* (Austin: University of Texas Press, 1978), p. 575.



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to pursue an all-out energy production and conservation program, if we are to avoid increasingly severe stagflation and strategic vulnerability.

Right now, then, we cannot safely wait. The United States has been living off its capital — literally and figuratively — since 1974, and our credit and credibility have worn mighty thin.

The task set out above — to achieve a net energy-export position by 1990 — is, ultimately, neither technical nor economic. It is a political task. It requires the bringing together in effective coalition of all those Americans who have decided that we cannot afford another decade of stagflation, chronic unemployment, degenerating social services, and dangerous dependence on a precarious flow of imported oil. That coalition naturally should embrace business and labor, including blacks, who have as a group suffered the most, in human, social, and economic terms, from the nation's failure to mount a serious energy policy. I have no doubt that such a coalition, including, shall we say, 70 per cent of our citizens, could, if properly led, achieve something close to the targets set out in Table VI.

I am quite aware that, at the moment, there is no sign of such a coalition or such leadership. I am aware, also, that the judgment of thoughtful experts, incorporated in various projected balance sheets, is that the United States is a society incapable of mounting such an intense, purposeful effort except in the face of the most acute crisis: an uncontrollable international financial crisis stemming from a fragile debt structure, a revolution in Saudi Arabia, a military conflict in the Persian Gulf, or a third major escalation of the real oil price. The conventional wisdom about our society may well be correct. In that case, this article should be read as an outline of what we would then have to do. I will observe only that we must continue to pay a very high price, as we have since 1974, so long as we postpone the confrontation with reality; and the job to be done will be much more difficult under crisis circumstances than it would be if we began right now. I therefore commend the launching of that effort as a central task for the next administration's first Hundred Days.



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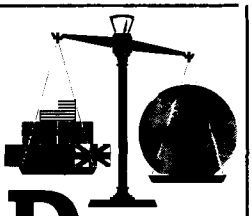

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# GORSHKOV AND HIS NAVY

by Elmo R. Zumwalt, Jr.

Free-world sources hold varying views of the purpose of Soviet naval development. These alternative views are derived from the interpretation of Soviet written material prepared primarily to fight bureaucratic battles. They are based on analyses of the Soviet force structure and of events that result from expediencies and political compromises within the Soviet Central Committee and the Ministry of Defense. It is likely, however, that the future use of the Soviet Navy will depend more on the personal views of its most influential leader, Admiral Sergei Gorshkov, than on any strategy used in a political debate over structure.

**Career**

What kind of a man is Sergei Gorshkov? To answer that question, we must begin with events that occurred before he was born.

In the 1890s, Russian naval thinking changed from a basically defensive orientation to an emphasis on "blue water" battleships in support of a national policy of expansion. Alfred Thayer Mahan's writings at the time had impact in Russia as well as in the United States, Great Britain, Germany, and Japan. Indeed, the Russian strategist Nikolai Klado was successful in applying Mahan's theories to Russia and in gaining the support of Czar Nicholas II.[1] Russian seapower was also enhanced by the explorer and naval philosopher Vice-Admiral Makarov, who stressed the need for Russians to be "at home at sea" — a frequent theme of Gorshkov's.[2] Gorshkov credits the Russian Admiral Ushakov, a contemporary of Lord Nelson's, with the earliest original thinking

[1] Donald W. Mitchell, *A History of Russian and Soviet Sea Power* (New York: Macmillan, 1974), pp. 197-198.

[2] Robert B. Bathurst, *Understanding the Soviet Navy: A Handbook* (Newport, R.I.: Naval War College Press, 1979), p. 78. Bathurst says it is likely that Makarov was Gorshkov's "model."

**Elmo R. Zumwalt, Jr.,** was Chief of Naval Operations from 1970 to 1974, when he retired, and was the youngest man ever to serve in that capacity. Admiral Zumwalt is the author of *On Watch: A Memoir* (Times Books, 1976) and coauthor of the syndicated newspaper column "The Zumwalt/Bagley Report."



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on sea power.[3] Ushakov advocated surprise and exploitation of enemy weaknesses — also future Gorshkov themes.

Russia's expansionism early in the twentieth century was countered by Japan's naval build-up, culminating in the Russo-Japanese War of 1904-1905. The key naval battle of this war was the Battle of Tsushima, fought in waters between Japan and Korea as the Russian fleet sought to reinforce Port Arthur. On May 26, 1905, Admiral Togo's fleet intercepted and decisively defeated the Russian fleet under Admiral Rozhdestvensky. It was the better training and material readiness of the Japanese fleet that resulted in the Russian defeat. Gorshkov[4] quotes Lenin on the battle: "The Russian Navy was finally destroyed. The war was irrevocably lost. . . . We were confronted not only with a military defeat, but also a complete military breakdown of the aristocracy."

Sergei G. Gorshkov was born in 1910, five years after Tsushima. He was seven when the czar was overthrown, when a provisional republican government was put into power, and, in October 1917, when the Bolsheviki created the "dictatorship of the proletariat" of the Soviet state. As Gorshkov grew up, then, Lenin and the Bolsheviki were bringing Marxism and revolution to Russia.

The part played by the Russian Navy in the revolution was unique, and that role affects the domestic political stature of the Soviet Navy even today. It was the sailors of the Black Sea Fleet who forced Admiral Kolchak (future leader of counterrevolutionary "White" forces) to give up his sword; and, in the Baltic Sea, the sailors at Kronstadt were instrumental in seizing the Winter Palace at Petrograd (now Leningrad). The sailors were trusted by the new Bolshevik government and served as elite revolutionary guards. Within three years, however, life under the Bolsheviki was not living up to promises, and the Kronstadt sailors mutinied in support of indignant Petrograd workers. As a result, the Soviet Navy became the victim of the first widespread Bolshevik purge, which cut its forces by 75 per cent and decimated its leadership.[5] The Soviet Navy acquired the reputation of being less reliable politically than the Red Army.

After World War I, there occurred a period of confusion and civil war in the Soviet Union, accompanied by interventions

[3] S. G. Gorshkov, *The Sea Power of the State* (Annapolis, Md.: Naval Institute Press, 1976), pp. 73-79.

[4] *Red Star Rising at Sea* (Annapolis, Md.: Naval Institute Press, 1974), pp. 34-35.

[5] Bathurst, *Understanding the Soviet Navy*, chap. 5.



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by the United States and Britain at Murmansk and Vladivostok in a vain attempt to retrieve war materiel and to influence the civil war in favor of the anti-Bolshevik forces. By 1921, the White Russian counterrevolutionary forces had been defeated, primarily by land forces; the demoralized Soviet Navy played very little part. Gorshkov was eleven years old.

At age seventeen, Gorshkov joined the Soviet Navy. The navy he entered had a heritage of mixed success in the use of Russian sea power, both in war and as an instrument of state prestige. It was a time, however, when the navy was recovering from the low state to which it had sunk after the Bolshevik Revolution. It was also a time when the Marxist-Leninist ideology was acquiring its Russian interpretation. Mahan's ideas on the use of navies to acquire overseas possessions for economic expansion were viewed by Marxist-Leninists as "imperialistic" and characteristic of capitalist states. Oceanic navies were capitalistic and, therefore, evil; this attitude would contribute toward keeping the Soviet Navy a coastal, defensive navy for many years.

Gorshkov, now twenty-one, graduated from the Frunze Naval School at Leningrad in 1931. His first assignment was on the destroyer *Frunze* in the Black Sea Fleet.[6] In 1932, he became commanding officer of the small escort ship *Burun*.[7] Under Stalin, the atmosphere of political debate that had marked the revolutionary and formative years of the Soviet Union had disappeared. The first ten years of Gorshkov's naval career, the thirties, saw ghastly internal purges, as Stalin killed off his political enemies and consolidated his power. Internationally, the thirties were a time of national paranoia for the Soviet Union, as many Western nations, particularly the United States, delayed in recognizing the Bolshevik government. According to Gorshkov, "After the First World War and the splitting of the world into two socio-political systems, the policy of the imperialist powers was largely determined by their constant desire to destroy the Soviet Union."[8] In hindsight, Gorshkov purports to see this period as one in which the United States, Britain, and France actively encouraged and armed Germany in order to use the Nazis to destroy Soviet communism. The twenty-nine-year-old Gorshkov was commanding a destroyer brigade in 1939, when World War II erupted in the West. His views on the causes of the

[6] John G. Hibbits, "Admiral Gorshkov: Architect of the Soviet Navy," in Gorshkov, *Red Star Rising at Sea*.

[7] Norman Polmar, ed., *Soviet Naval Developments* (Annapolis, Md.: The Nautical & Aviation Publishing Company of America, 1979), app. E, p. 109.

[8] *The Sea Power of the State*, p. 105.



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war reflect his Marxist interpretation of history: "The Second World War broke out within the capitalist world as a result of the sharp accentuation of the antagonisms between the capitalist countries by reason of the operation of the law of unevenness of their development under imperialism. The responsibility for its outbreak lies with imperialism as a social system, the ruling classes and the government of the largest capitalist powers."[9]

In 1940, Sergei Gorshkov attended the Voroshilov Naval Academy, a senior naval school.[10] In June of 1941, Nazi Germany invaded the Soviet Union, violating the Nonaggression Pact between the two states. Gorshkov, now a captain, commanded a cruiser brigade in the Black Sea and led landing forces to meet the German offensive on Odessa. As a cruiser commander, he would have noted thoughtfully his lack of opportunity to break out into the Mediterranean and oceanic areas — a historic Russian problem. He was soon promoted to rear admiral and became commander of the Azov Flotilla, a river and coastal defense unit.

Sergei Gorshkov's formative years, the late 1920s and 1930s, were turbulent. As an aspiring naval officer, he was no doubt influenced by the "navalist" teachings of Ushakov, Klado, and Makarov and felt deeply the need to enhance the image of the Russian nation and the Soviet Navy. The humiliating defeat at Tsushima was a continuing shame to the nation and the navy. Referring to the czarist defeat of 1905, Gorshkov says: "As a result of the severe lessons of the war, influential Russian society [i.e., the Bolsheviki] began again to better understand the importance of the fleet in modern warfare. . . . the Tsarist rulers remained true to type and did not change their [poor] attitude toward the fleet."[11]

Gorshkov was in the first generation of citizens educated and trained under the Soviet system, which preached the correctness of socialism and heaped contempt on the way of life in the Western world. Soviet officials have told me two important things about Gorshkov: (1) he was profoundly influenced by the Stalinist purges and was rankled by the image of political unreliability that the Soviet Navy had acquired because of the Kronstadt revolt; (2) as a young, up-and-coming officer, he learned how to maneuver among the Bolsheviki and to support their policies and slogans for his own and the navy's gain. His promotion to flag rank at age thirty-one is a reflection of the rapid expansion of the Soviet

[9] Ibid., p. 108.
[10] Polmar, ed., *Soviet Naval Developments*, p. 109.
[11] *The Sea Power of the State*, p. 91.



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Navy during World War II, his naval competence, and his political ability to turn the chaos under Stalin to his own gain.

Gorshkov's commands during the "Great Patriotic War" (the Second World War) also included command of the Danube Flotilla. His wartime experience, then, was largely in a coastal rather than a "blue water" navy. "It is not possible," writes Gorshkov, "to over-rate the role of the Black Sea Fleet, led by Vice Admiral F. S. Oktyabrsky in defense of the most important ports and in giving stability to the Southern flank of the land front."[12] Admiral Gorshkov's Azov Flotilla was involved in the defense of Sevastopol, which was under seige by a strong German force for eight months. To appreciate the importance of the Soviet Navy in coastal defense and support of the Soviet Army, one need only recall that the defense of Sevastopol denied the Azov Sea as a supply route to German forces attacking the Caucasus area. (This was a role comparable to the Mississippi River campaigns of Admiral David Dixon Porter during the U.S. Civil War.) With the Azov Flotilla and the Black Sea Fleet, Admiral Gorshkov directed many amphibious landings in support of the Red Army. The activities of the Soviet fleet thus denied the Black Sea to the Germans.[13]

Evaluating the Soviet Navy's overall performance during World War II, Admiral Gorshkov notes that it had "great strike power and high mobility to achieve important results in a short time to significantly change the strategic situation in individual theaters of military operations." He also notes ruefully that "our state — a great continental and maritime world power — at all stages of its history has needed a powerful fleet as an essential constituent of the armed forces."[14]

After the "Great Patriotic War," Admiral Gorshkov served as chief of staff, Black Sea Fleet, and as commander of the Black Sea Fleet; in 1955, he became first deputy commander-in-chief of the Soviet Navy. He notes that America's use of the atomic bomb against Japan produced a "shock state" among naval theoreticians in the postwar period, and that the influence of nuclear weapons on the character of armed struggle, on land and sea, began to affect the development of navies.[15] The changes brought about by nuclear weapons and the need to develop the Soviet Navy into a global force dominate Gorshkov's published views. These views, expressed

[12] Ibid., p. 145.
[13] Ibid., p. 147.
[14] Ibid., p. 154.
[15] Ibid., p. 156.



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in Marxist-Leninist ideology and modified by force-structure (inter-service) politics, helped to shape post–World War II Soviet naval development. In 1956, at age forty-six, Admiral Gorshkov became the commander-in-chief of the Soviet Navy, and during his quarter of a century in command, he has led his country into an oceanic strategy and a naval war-winning capability.

## Ideology

The United States' use of oceanic sea power is, in Gorshkov's view, unjust. According to Gorshkov, "The imperialist states [i.e., the capitalist states, principally the U.S.] use their sea-power primarily as an instrument of aggressive policy for subjugating and holding down countries and peoples, as a means of exacerbating the international situation and unleashing wars and military conflicts in different parts of the world."[16] The fundamental difference between the Soviet Union and the "imperialist powers" in their understanding of what sea power means, says Gorshkov, stems from "class essence." What does this mean?

Gorshkov applies a Marxist-Leninist base to Soviet sea power. Although as a young man he was most certainly educated under a Marxist-Leninist system, he did not demonstrate much early interest in politics. Gorshkov was more a pragmatist, and his consuming interest was his naval career.[17] He became a member of the Communist Party in 1942 after his promotion to rear admiral, a recognized necessity for further promotion. His subsequent political career, culminating with full membership in the CPSU Central Committee in 1961, indicates that he has learned well the language of the full-cadre Communist.[18]

The Marxism that Gorshkov adopted is a systems analyst's view of the world. Marx created a model of society based on the oversimplified assumption that man's essential motivation is economic. Marx's model, similar to those of other political idealists, accepts as reality only those things that the model can digest. The closed universe of the Marxist thesis sees Western capitalism as its antithesis. According to Marxism, capitalist systems have led to the creation of economic classes, which then take social and political forms. The dominant economic class (the bourgeoisie) then uses

[16] Ibid., p. 2.
[17] Hibbits, p. 146.
[18] Frank S. Meyer, *The Molding of Communists* (New York: Harcourt, Brace, 1961). Meyer points out that communism is a secular religion and shows how its top cadre are disciplined to think exclusively in terms of the Marxist "model."



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the political power of the state to exploit the working class (the proletariat). Thus, there will always be a class struggle, not only within a state, but internationally.[19] Marx claims to have discovered that the existence of "classes" is linked to predetermined, historical phases of the development of production and that the class struggle will lead inevitably to a "dictatorship of the proletariat," which is part of a historical, international transition to a utopian, classless society in which the oppressive state will "wither away."[20] For Gorshkov, then, "class essence" has to do with a view of the world in which anyone not in favor of international socialism and the dictatorship of the proletariat cannot possibly pursue just goals.

Lenin's genius was his ability to adapt Marxist doctrine to the Russian environment of the early twentieth century and transform it into a national ideology (in fact, a secular religion). Marxism-Leninism, and its alleged ability to predict the course of history toward ultimate pure communism, became the legitimizing base of the Bolshevik government; and it remains so today.[21] A government having such a shaky premise as the source of its legitimacy could survive only as a dictatorship with total control of information (perceived reality). Thus, Lenin argued: "everyone knows that the dictatorship of the proletariat is the very essence of Marx's teaching."[22] Lenin also emphasized that communism is an international movement, of which the Soviet Union is the leader. Gorshkov picks up this theme in the following: "The invincible military power of the Soviet Union forms an integral part of the military potential of the whole socialist community, it ensures the safety of fraternal countries and radically alters the balance of forces in the world arena in favor of a peaceful revolutionary process and world peace."[23]

Gorshkov also credits Lenin with creating a strategy "indissolubly linked with the policy of the state." Lenin, says Gorshkov, was a great strategist because he was "flexible in the choice of the forms of struggle [and had] a surprising ability to determine the moment of transition to decisive operations."[24] Thus,

[19] Emile B. Ader, *Communism, Classic and Contemporary* (Woodbury, N.Y.: Barron's Educational Series, 1970). See app. 1 for the text and an interpretation of *The Communist Manifesto*.

[20] Saul K. Padover, ed., *The Karl Marx Library. Vol. I: On Revolution* (New York: McGraw-Hill, 1971), p. 134.

[21] Ader, *Communism*, p. 47.

[22] R. N. Carew Hunt, *The Theory and Practice of Communism* (New York: Macmillan, 1957), p. 161.

[23] *The Sea Power of the State*, p. 246.

[24] Ibid., p. 132.



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Gorshkov admires a man who knew what he was for and what he was against, even if he based that belief on an overly simplistic model. Similarly, in his own rise, Gorshkov knew "when to hold 'em and when to fold 'em."

Lenin's strategy also fits an oceanic strategy nicely. According to Lenin, the way to break the "imperialist chain" is at its "weakest link, the source of its raw materials."[25] This anticipates Moscow's current Third World strategy to gain influence in the less-developed countries and choke off the economic power of the United States.

In the nineteenth and early twentieth centuries, "imperialism" essentially meant the expansion of a state through acquisition of colonial possessions — a situation seen as beneficial both to the state and the colony (by upgrading the standard of living in underdeveloped parts of the world as well as providing resources and markets for the industrial state). U.S. naval thinkers have variously abetted and rejected this doctrine. Assistant Secretary of the Navy Theodore Roosevelt and Admiral Mahan were advocates of such a political policy for the United States, viewing sea power as the primary means for gaining and maintaining colonies. Assistant Secretary of the Navy Franklin Roosevelt opposed colonialism and initiated the post–World War II era in which the United States has been instrumental in assisting colonies to become independent states.

Marx and Lenin gave imperialism a pejorative connotation. By their definition, imperialism is the highest state of capitalism: capitalist countries have glutted their markets with goods produced by exploited workers and, therefore, must seek overseas markets (colonies) to relieve the pressure on the markets at home. Thus, imperialism is the capitalist exploitation of the proletariat on an international basis. Gorshkov says that the U.S. "oceanic strategy" consists of nothing more than ideas from "the ideologists of American expansion at the turn of the century, especially from A. Mahan, and updated in relation to the imperialist policy of the U.S.A. pursued in modern conditions."[26]

If U.S. oceanic strategy today is nothing more than "imperialism," what then is the obvious Soviet oceanic strategy? Gorshkov sees that strategy as supportive of the "national liberation movement" toward world socialism and the "cessation of capitalist exploitation of the international proletariat." In other words, Soviet

[25] Bathurst, *Understanding the Soviet Navy*, p. 27.
[26] *The Sea Power of the State*, p. 168.



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oceanic strategy is to "liberate" other countries to become members of the Soviet sphere and believers in the Marxist model.[27] (Imperialism by another name?)

In the Soviet view, imperialism is economic in character; any other definition is unreal and does not fit their model. Yet, Gorshkov's writings support what might be called political imperialism in Marxist garb. With apologies to Gorshkov, we shall call it "Marxist imperialism," which works as follows. Despite the glut of ideological dogma that the Soviet government provides its citizens in support of its model, conflicts with reality are readily apparent and legitimacy to govern is questioned. The government must therefore seek overseas markets for its political system in order to relieve the pressure on the political system at home and prove the value and universal utility of its model. Thus, Soviet doctrine calls for the political exploitation of human beings of all classes and nationalities, in keeping with a single, oversimplified model that is idealistic in concept but oppressive in practice. Gorshkov's writings are imbued with this Orwellian doctrine.

The United States views its national security in economic terms, and uses its political powers, military, and naval forces to provide leadership that will sustain a workable world capitalist system, coexistent with the Soviet system. The Soviet Union views its national security in political terms (despite Marx's economically oriented philosophy) and uses its military and naval forces to protect and proliferate, against free-world interests, a political system that would not survive without totalitarian dictatorship.[28] This, then, is the difference between the United States and the Soviet Union in the use of sea power.

**Force Structure**

The most popular hypothesis about Soviet naval development is that it is the Soviet reaction to strategic weapons development. In that context, I shall briefly sketch the development of the Soviet Navy's force structure. We will then be able to distinguish between force-structure politics and what may be a related, but different view, held by Gorshkov.

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[27] Ibid., p. 181. Gorshkov adds that Soviet military doctrine is "diametrically opposed to the current aggressive, reactionary military doctrine of the imperialist states."

[28] Richard Pipes, "Soviet Global Strategy," *Commentary*, April 1980, p. 31. Pipes presents a cohesive case that "the end objective of Soviet global policy is, of course, a world from which private property in the means for production has been banished and the constituent states are, with minor variations, copies of the Soviet state."



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After World War II, Stalin was determined to build a powerful, high-seas fleet in order to defend the sea approaches to the Soviet Union. He ordered construction of twenty-four modern cruisers of the Sverdlov class.[29] Among naval missions, the Soviet government gave top priority to antiamphibious operations, since amphibious naval force was judged the most likely threat from the Western powers. Soviet planners envisioned an "area defense," including an outer defensive perimeter manned by submarines, a second line of minefields and naval aviation, and an inner line of surface combatants.[30] By the late 1940s, the nation's industry had been somewhat rebuilt, and the Soviets began work on a new generation of ships (they even considered constructing aircraft carriers), giving primary emphasis to coastal-defense submarines of the Whiskey class.[31] In a major setback to Admiral Gorshkov, the independent Naval Ministry was abolished shortly after Stalin's death, and the navy was subordinated to the army.[32] Premier Khrushchev favored a land strategy, in particular a strategy relying on strategic-nuclear weapons. "Modernist" schools of thought evolved in the military forces, favoring a reliance on nuclear weapons, while "traditionalists" saw a continuing role for conventional force. In the navy, officers leaned more toward the traditionalist position, favoring conventional force and a large-ship, "blue water" navy.[33] The "modernists" recognized nuclear force as the relevant power in the world and supported a navy of submarines, aircraft, and patrol craft.[34] My discussions with Soviet naval leaders have led me to conclude that Gorshkov's constant reference to the need for a "balanced navy" means that he wants a navy balanced between these two extremes.

In January 1956, Nikita Khrushchev promoted Admiral Gorshkov to command of the Soviet Navy. On Armed Forces Day that year, the new commander-in-chief commented on the future role of conventional forces in a nuclear war: "A future war, if it is unleashed by the imperialists . . . will contrast considerably with

[29] Michael T. Klare, "Superpower Rivalry at Sea," *Foreign Policy*, Winter 1975-1976, p. 90.

[30] Siegfried Breyer, "Fleet Admiral Gorshkov Steers Course of Soviet Fleet for Twenty Years," *Soldat and Technik*, August 1976, p. 401.

[31] U.S. Department of the Navy, Office of the Chief of Naval Operations, Director of Naval Intelligence (OP-009), *Understanding Soviet Naval Developments* (Washington, D.C.: U.S. Department of the Navy, April 1974), p. 3.

[32] R. W. Herrick, *Soviet Naval Strategy: Fifty Years of Theory and Practice* (Annapolis, Md.: Naval Institute Press, 1968), p. 66.

[33] George E. Hudson, "Soviet Naval Doctrine and Soviet Politics, 1953-1975," *World Politics*, October 1976, pp. 91-93.

[34] Herrick, *Soviet Naval Strategy*, p. 66.



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past wars as regards the massive use of air power, various types of rockets, thermonuclear, chemical and bacteriological weapons. However, this does not diminish the significance of the army, the fleet, and the air force. Moreover, without mighty land troops, a first class air force, and a modern navy, without their efficient and reliable interaction, it is impossible successfully to conduct contemporary war."[35] Thus, Gorshkov recognized the importance of nuclear weapons but refused to accept a strategy of diminished conventional forces.

The aircraft carrier of the Western seapowers was looked upon as a primary strategic threat to the Soviet homeland. New weapons had to be developed to meet that threat. Although Stalin had planned for Soviet carriers, their construction was not in keeping with Khrushchev's views at the time: carriers were thought too vulnerable to attack from missiles and nuclear weapons. In Khrushchev's scheme of things, the navy's role was still defensive in nature, so what was needed was not a huge and costly platform to send against the U.S. carrier but, rather, a powerful weapon that could be mounted on small ships. Gorshkov had a weapon under development that would both satisfy this requirement and appeal to Khrushchev's liking for rockets: the cruise missile, a weapon that produced significant changes in naval strategy, tactics, and ship design.

The first ships designed for the anticarrier mission began to appear in 1962. There was the Kynda-class cruiser, mounting two quadruple tubes of SS-N-3 Shaddock missiles (with reloads). There were also submarines equipped with this missile, such as the modified Whiskey Long Bin and the nuclear Echo class. The threat from the West, however, had changed. No longer was the aircraft carrier the primary strategic-nuclear threat, although it retained its conventional and limited-nuclear-conflict capability. In 1959, the United States launched the *George Washington,* the first of the Polaris ballistic missile submarines (sixteen strategic-nuclear missiles having a range of 1,500 miles). We continued to produce these potent weapon systems until we had forty-one units in 1966 and the missile range was extended to 2,500 miles. (Today, the new Trident submarine, with twenty-four ballistic missiles having a range of 4,000 miles, is further upgrading our strategic forces, making Gorshkov's problem even more difficult.)

The Soviet Navy then turned its attention to the new

[35] Hudson, "Soviet Naval Doctrine," p. 93; quoted from Gorshkov, "On Guard for the Security of the Socialist Fatherland," *Sovetskii flot,* February 23, 1956.



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threat to the homeland. The need to create a countering strategic force of nuclear-missile-armed submarines coincided with an equally urgent need to build a force capable of strategic sea control; primary emphasis was to be put on antisubmarine warfare in order to counter the U.S. Polaris force. In 1963, Marshal Sokolovskii wrote in the Soviet military journal *Red Star,* "The first priority mission of naval operations in the oceanic and sea theaters will be the destruction of atomic missile submarines."[36]

As early as 1949, the Soviet Navy had begun to experiment with strategic missiles launched from submarines. This program was to continue into the sixties and would result in the development of the SS-N-6 missile (range: 1,300 nm) and the Yankee-class nuclear submarine (begun in 1967; thirty-four submarines in the class). During the seventies, the 8,000-ton Delta I–class submarine, armed with twelve SS-N-8 missiles having a range greater than 4,000 nautical miles, was introduced. In the 1980s we can expect longer-range missiles having MIRV warheads similar to those carried by U.S. ballistic-submarine missiles.

In defending the homeland against Polaris, Gorshkov's basic problem was the detection, location, and tracking of U.S. submarines. Soviet antisubmarine warfare had not progressed very far by that time, partly because pre-Polaris submarines had presented no serious threat to a continental power like the Soviet Union. Detection methods that could have been developed included sound arrays, airborne or satellite surveillance systems, barriers at chokepoints, and tracking by aircraft, surface ships, or submarines. All of these presented very large problems for the Soviets because of their lack of ASW technology and their adverse geographic location.

Gorshkov's answer to the need for strategic sea control and antisubmarine warfare is seen in his emphasis on naval aircraft and on the Soviet shipbuilding program. Lacking aircraft carriers, he procured land-based Bear and Badger aircraft and deployed them in considerable numbers. He upgraded the role of naval aviation. In recent years, Gorshkov has won priority for production of the navy version of the Backfire long-range bomber. These aircraft provide antisubmarine and antiship protection over large areas adjacent to their land bases. In surface-ship construction, Gorshkov designated the successor to the Kynda-class rocket cruiser: the Kresta class, a large ASW ship rather than a cruiser. In antisubmarine

[36] Quoted in Klare, "Superpower Rivalry," p. 94.



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and antiamphibious armament, this was an improvement over the Kynda class, and antiship cruise missiles were installed. Work on the Moskva-class helicopter carriers began in the early sixties. Gorshkov labeled these ships "ASW cruisers."

The strong defensive potential of large Soviet ASW ships is worthy of note, suggesting a plan to operate them in "bastions" where they could ensure a favorable operating regime for Soviet strategic submarines.[37] Gorshkov observes that the Germans made a grave error in World War II by not protecting their submarine forces against Allied ASW forces.[38] His defensive bastions for strategic submarines, in forward areas protected by air and surface forces, are an answer to the problem. Gorshkov's "bastions" also suit his concept of a "balanced navy" including traditionalist surface ships as well as modernist submarines and aircraft.

The trend to design ships for the strategic-nuclear ASW mission continued until the mid-seventies. Gorshkov began the Kara-class cruiser, or "major ASW vessel," in 1967 — improving on the Kresta class. He introduced the Krivak-class destroyer in the same period, employing the SA-N-4 antiair missile, the SS-N-10 ASW cruise missile, ASW rockets, and torpedoes with variable-depth sonar. He brought out the Grisha-class frigate, or "small ASW vessel," and the Moskva "ASW cruiser" (eighteen Hormone helicopters, cruise missiles, antiair missiles, and ASW rockets) also entered the inventory. In 1976, the Kiev-class "antisubmarine interceptor," a 40,000-ton, angle-deck carrier with twelve Yak-36 attack aircraft and twenty helicopters, entered the Soviet fleet. The *Kiev* also has a formidable suit of cruise missiles, antiair missiles, and ASW rockets, providing a good capability to operate in forward areas in an ASW mission or any other mission. The very fast Alfa-type attack submarine, now being developed by Gorshkov, is probably intended to be a counter with which to stalk the U.S. Poseidon and Trident submarines.

The Soviet naval reaction to U.S. strategic threats emphasizes submarines and naval aircraft. "Today," says Gorshkov, "submarines and naval aircraft are the main arms of the forces of our navy, and ballistic and cruise missiles with nuclear warheads are the main weapons." Moreover, Gorshkov wants to maintain a "balanced" navy: "Diverse surface ships and aircraft are included in the inventory of our navy in order to give combat stability to the sub-

[37] Michael MccGwire, "The Rationale for the Development of Soviet Seapower," *U.S. Naval Institute Proceedings*, May 1980, p. 168.
[38] *The Sea Power of the State*, p. 118.



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marines and comprehensively support them, to battle the enemy's surface and ASW forces, and to prosecute other specific missions."[39]

Quite correctly, Gorshkov recognizes that a modern navy cannot operate effectively in any mission unless the nation's military forces have at least strategic-nuclear weapons parity with its opponent. Parity, moreover, leads to great potential in "other specific missions" for a forward-deployed navy.

**Forward Deployment**

By 1964, the Soviet Union, whose foreign policy had been continental in focus, found its defensive horizons expanding in a way that opened the door for adoption of a forward-deployed sea power policy. The Soviet view of the impact of nuclear weapons had much to do with this, as Gorshkov frequently notes. Nuclear weapons make the battle space very much greater, and there is a closer relationship between tactical success and the fulfillment of strategic objectives. For a force using nuclear weapons, the offense is the decisive form of military action; thus, it is necessary to defend forces through offensive action. Nuclear weapons give mass strikes and the dispersal of assets more importance, and the role of surprise is increased because of the difficulty of recovering from an attack. Gorshkov, with his "strikes against the shore," recognizes that in nuclear war it is more important to destroy simultaneously the enemy's capability throughout the battle zone as well as deep in the enemy state.[40] Thus, in order to cope with nuclear weapons, whether in the United States or at sea, the Soviet military had to expand its defensive perimeter; this required sea power.

The successful force-structure argument for the Soviet Navy appears to have been that far-flung ASW forces and strategic-nuclear forces require forward-deployed support ships and surface combatants to protect them. A more subtle argument, however — one that recognized the value of surface ships as forward-deployed bases in a political role — was also made. The proponents of surface ships, among whom Gorshkov should be counted, also argued that a local war at sea with U.S. forces was a very real possibility and that the Soviet Navy must be prepared for it.

The Cuban Missile Crisis in 1962 was a disaster for Khru-

[39] Ibid., p. 238.

[40] General Lieutenant I. G. Zav'yalov, "The New Weapon and Military Art," in *Selected Soviet Military Writings: 1970-1975* (Washington: GPO, 1977), pp. 202-210. Zav'yalov's essay provides a very good summary of the Soviet view on the impact of nuclear weapons, a view translated into the application of sea power by Admiral Gorshkov.



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shchev and his policies. Not only was the Soviet Union faced down, but six Soviet submarines sent to the Caribbean were detected and tracked by U.S. air and surface forces. Khrushchev's nuclear diplomacy and limited-navy policy were shown to be lacking in the global arena when opposed by a nuclear-armed sea power. The Cuban failure was a key element in Khrushchev's fall from power.

Gorshkov's philosophy prevailed with Khrushchev's successors. Brezhnev and Kosygin redirected Soviet policy from one of sole reliance on nuclear weapons to one that included an important role for conventional weapons. The Soviet Navy came to the Mediterranean in 1964 and gradually built up its forces there, eventually obtaining naval bases in Egypt. Soviet expansion also occurred in the Norwegian Sea, the North Atlantic, the South Atlantic, the Caribbean, the South China Sea, and Pacific and Indian oceans.

Soviet interests in the Indian Ocean are thought by some to be mainly strategic, along with some economic interests, such as protection of fishing rights. Soviet forces in the Indian Ocean are further rationalized as counters to the possible existence of U.S. strategic-missile submarines there. The Indian Ocean, however, is very important to the Soviet Union for other reasons and is an area in which "Marxist imperialism" supported by an oceanic navy is paying off in a big way.

The Indian Ocean is adjacent to more developing Third World countries — including the most influential one, India — than any other other ocean. It provides access to the strategic and troubled areas of southern Africa. It sits astride shipping lanes, critical to world trade, coming from the Atlantic and Pacific oceans. In particular, it provides a sea route for Arab oil coming out of the Persian Gulf that is critical to the economies of the West. It represents a way to establish a southern front with China, should the Sino-Soviet split erupt into conflict. It represents a line of communication, via the Suez Canal or the Cape of Good Hope, between eastern and western Soviet fleets. Finally, the Indian Ocean is separated from the Soviet Union only by weak states, thus presenting an opportunity for expansion. We have seen the first of this expansion in Afghanistan. The Soviets likewise expect post-Khomeini Iran to fall to them. In this region, the Soviet Navy will play a large role if Gorshkov's views on how to use an oceanic navy hold sway.

### The "Balanced Fleet" and the "Total Force"

Admiral Gorshkov sees the future in terms of a Soviet navy



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that becomes the principal tool for defense of the motherland and for the worldwide export of Soviet socialism, leading to the Marxist-Leninist version of a peaceful world: Soviet socialist world hegemony, or "Marxist imperialism."

The Soviet Navy, pushing outward to a new defense perimeter, ostensibly for purposes of strategic antisubmarine warfare, has shown that there are many ways to use a peacetime navy. "The Soviet Navy," says Gorshkov, "is also being utilized in the foreign policy measures of our state. But the aims of this utilization differ radically from the aims of the imperialist powers. The Soviet Navy is an instrument of peace-loving policy and of friendship of peoples, a policy of suppressing the aggressive aspirations of imperialism, of deterring military adventures, and of decisively countering threats to the security of peoples on the part of the imperialist powers."[41]

In 1975, the Soviet Union took a significant step in the export of socialism when it carried out its first major, overt overseas intervention using long-range airlift and support from naval units. Using Cuban troops as a surrogate power, the Soviet Union established a communist-influenced government in Angola, on the southwest coast of Africa. Between December 28, 1975, and January 7, 1976 (the critical period of the fighting between the Cubans and opposing Angolan factions), a Soviet Kresta II–class missile cruiser and two Kotlin-class missile destroyers operated off the coast, reinforcing an amphibious-landing ship that had been there since early December.

In 1977-1978, the Soviets took the side of Ethiopia in its war with the Somalis and, through General Petrov, Soviet transport and equipment, and Cuban "proxy troops," established considerable influence with the newly socialist government in Ethiopia. During 1978-1979, the Soviets were actively engaged in the support of radical movements in Yemen and Iran. In all these instances, the Soviet Navy played a large role in establishing a protective presence. Gorshkov's navy-oriented merchant marine has been the primary mover of supporting materials.

In 1979, the Red Army invaded Afghanistan and established a continuing military and political presence, supported by a strong Soviet naval force in the Indian Ocean. Among its many objectives, this move is part of an effort to win warm-water ports coveted since the days of Peter the Great. Sergei Gorshkov, in the

[41] *The Sea Power of the State*, p. 321.



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tradition of Klado and Makarov, undoubtedly sees the Afghanistan invasion in that light.[42]

The Soviet Navy has also created a significantly improved amphibious capability, including a "naval infantry" force enjoying elite status. The new Ivan Rogoff–class amphibious-assault ship is a prime example. This large ship was probably justified for the bureaucrats as a way of protecting the land flanks of Soviet submarine bastions. It is doubtful, however, that it will ever be used that way. Rather, it will almost certainly be used as a major ship in a Soviet "war of national liberation task force" or for sealift of troops during interventions into Third World countries. Without seaborne air power, the Soviets could not undertake such an operation without the support of land-based air. The *Kiev*, however, with her twelve Yak-36 aircraft and twenty helicopters represents a limited capability to provide seaborne air. It is also the direction in which Soviet sea power is heading. Although the *Kiev* is an "ASW interceptor," the Soviets will use her for varied roles, including support of an intervention when the opportunity presents itself. Gorshkov recognizes the *Kiev's* deficiencies in the intervention role and has therefore begun design and construction of aircraft carriers.[43] The Soviets are also constructing two new cruiser classes that point toward acquisition of an increased interventionist capability. One is a gun cruiser that could support troops ashore. The other — the Kirov class — is a large (25,000-ton) nuclear-propelled ship armed with new antiair and strike missiles that could protect an intervention force against attack from a U.S. carrier battle group. The combination of greater naval capabilities, improved sealift and airlift, use of Cuban proxy troops, and use of Soviet troops beyond their own borders points toward the long-distance projection of Soviet power overseas as opportunities arise.

Gorshkov's conventional navy is forward-deployed, performing an anticarrier role, an anti-strategic-submarine role, and a political and diplomatic role. During 1953-1974, Soviet ships visited a total of seventy-five nations, bordering on all the world's oceans: in the 1953-1963 period, 70 per cent of the visits were to Western Europe; since 1967, 85 per cent of the visits have been to Third World countries.[44] Gorshkov's navy, then, has gained utility in the

[42] Over the years, in private conversation, Soviet naval spokesmen have predicted this move to the sea.

[43] Director of Naval Intelligence, *Understanding Soviet Naval Developments*, p. 57.

[44] Anne M. Kelly, *Port Visits and the Internationalist Mission of the Soviet Navy* (Arlington, Va.: Center for Naval Analyses, Professional Paper no. 145, April 1976), p. 7.



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principal areas of naval action in the modern world — presence deterrence ("showing the flag") and political-military missions — and the admiral sees these as very important future roles.

"We can consider it indisputable," says Gorshkov, "that the victories of a navy and the art of employing its forces in the war for which it is established depend to a considerable degree on the correct resolution of the problem of balancing it."[45] Gorshkov is well on his way to "balancing" his fleet, a task he describes as creating a navy such that with "its composition and weapon characteristics it is able to discharge such tasks as it is faced with, whether in nuclear missile war, non-nuclear war, or in the support of state interests on the sea in peacetime."[46] This, of course, is a rational course for Gorshkov to pursue, since the Soviets see superpower nuclear parity shifting to Soviet nuclear superiority — a situation in which capabilities at the conventional level can yield important gains with increasingly less risk.

When evaluating Gorshkov's "balanced fleet," it is also important to consider its place in the Soviet "total force."[47] The Soviets are better at combining overseas facilities, aerial surveillance, commercial assets, exported secret police, military advisers, and proxy military forces into a coherent package. Gorshkov's Navy is the mobile cutting edge of this worldwide "total force" and is without question offensive in nature. Admiral Gorshkov today commands a vast force that includes not only naval surface and submarine forces, but the following, as well: land-based, long-range aircraft (Bear, Badger, and the new long-range Backfire), mounting bombs and cruise missiles; a revitalized naval infantry; merchant ships that in wartime serve as surveillance and intelligence-collecting platforms or as naval auxiliaries; fishing vessels; space-support ships; and oceanographic and survey ships. He intends to use this force in peace and war to support Soviet goals that are increasingly expansionist. The United States can expect to see Soviet military and naval forces in the 1980s engaged not only just beyond the Soviet border, as in Afghanistan, but in overseas "wars of liberation." This is the logical next step in using the Soviet Navy as seen by Gorshkov the navalist, the nationalist, and the Marxist-Leninist. Analyses of Soviet naval development that see a defensive navy,

[45] *The Sea Power of the State*, p. 354.

[46] Michael MccGwire, "The Turning Points in Naval Policy Formation," in MccGwire, ed., *Soviet Naval Developments: Context and Capability* (Halifax, Nova Scotia: Center for Foreign Policy Studies, Dalhousie University, December 1972), p. 163.

[47] See my essay "Total Force," in *U.S. Naval Institute Proceedings*, May 1979.



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developed only as a reaction to events in the strategic-nuclear weapons balance, do not fit the facts.

**Conclusion: Gorshkov's Strategic Genius**

Sergei Gorshkov is primarily a strategist and a Russian nationalist, and only secondarily a Marxist-Leninist. As a young man, he was trained in the dialectic of Marxism-Leninism, the political order of the state he serves. He judges it to be a superior order. But he has used its doctrine, and the conservatism and political-survival instincts acquired during Stalin's purges, to obtain and maintain his leadership of the Soviet Navy. Premier Khrushchev probably chose him as commander-in-chief because of his political reliability, his intellectual recognition of the impact of nuclear weapons on modern military and political warfare, and his association with and support of the Red Army in the Black Sea during the basically defensive naval warfare of World War II.

Gorshkov, however, had a broader strategic vision than the one that brought him to the top. His ambition and fulfillment has been to create for the Soviet Union the military prerequisites for great-power status: superiority in central strategic-nuclear systems and truly global sea power. It was Gorshkov who built the Soviet Union's strategic-cruise and ballistic-missile submarine fleets, which helped to achieve the central strategic-nuclear superiority that has freed his government to use its superior conventional forces and other, subtler means of aggression. In the spirit of Mahan, Ushakov, Klado, and Makarov, Gorshkov saw the key role of a global navy among those conventional military forces. He has spent his professional lifetime building it, and his powers of persuasion and his vision have prevailed over land-warfare-oriented spokesmen in the Kremlin.

Gorshkov's march to war-winning maritime capability has not gone unnoticed by U.S. chiefs of naval operations. In 1971, I reported to the president and the Congress that the United States had less than a 50 per cent probability of victory in a conventional maritime war with the Soviet Union. By 1974, I had calculated and reported a 35 per cent probability. In 1980, the present navy chief was similarly testifying that the United States has only a one-and-a-half-ocean navy to deal with a three-ocean commitment.

The most significant product of Gorshkov's strategic genius has been his recognition that the Soviet Union's military superiority should be used carefully as a shield in order to win Western



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acquiescence in low-level or indirect aggression. In this regard, Soviet maritime forces have already made a mockery of President Carter's Middle East doctrine. Gorshkov's insistence on an ever-expanding ring of air and naval bases in the Japanese Islands, Vietnam, South Yemen, Ethiopia, and Iraq has already denied the United States a believable capability to intervene in the Persian Gulf and in other large areas of Asia.

Unless Washington takes vigorous action to restore strategic-nuclear parity (at least), to regain maritime superiority, and to adopt a stronger, more consistent policy for blunting Soviet efforts, we must anticipate that Gorshkov will move to complete that ring in Asia — and then to enlarge it to include Africa and, finally, Central and South America. If Cuba is allowed to continue as a base of Soviet operations, we could see Gorshkov's ring of bases expand in the Caribbean even more quickly. With the ring of bases complete and the "balanced" Soviet Navy in place, Sergei Gorshkov's contribution to "Marxist imperialism" would qualify him for membership among the elite of those who brought the Soviet Union to world hegemony.



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# U.S. GENERAL-PURPOSE FORCES: FOUR ESSENTIAL REFORMS

by Alan Ned Sabrosky

To much of the general public, and even to many informed observers, nuclear weapons constitute the sine qua non of national defense. Certainly, none would deny the significance of such weapons, or the importance of questions of nuclear strategy and the control of strategic arms, in appraising the state of national defense. From the American perspective, for example, the maintenance of the essential strategic balance between the United States and its principal rivals is the bedrock on which the entirety of our defense policy and security commitments rests. If that balance is favorable to this country, or at least not demonstrably unfavorable to it, then other force and regional balances may also be stabilized. But if that essential balance fails, other balances will also fail, thereby bringing down that complex network of formal and informal relationships on which U.S. security is predicated.[1]

To acknowledge the primacy of the strategic-nuclear equation, however, does not permit one to take a cavalier attitude toward other forces, and other balances, secondary or not. Indeed, general-purpose (or "conventional") forces embrace the great majority of the personnel, and account for most of the cost, of the defense establishments of all nations, including the United States.[2] In addition, the passing of American strategic superiority — long seen in many circles as a necessary counterpoise to Soviet conventional superiority in Europe — and the advent of some degree of Soviet-American nuclear parity seem likely to increase the importance of general-purpose forces (GPF) as instruments of policy.[3]

[1] For a full discussion of this issue, see Alan Ned Sabrosky, "U.S. Force Posture: Linking Power to Purpose," FPRI Research Memorandum, May 1978.

[2] John E. Kohler and Robert B. Pirie, Jr., *Planning U.S. General Purpose Forces: Overview* (Washington: Congressional Budget Office, 1977), pp. vii and 1, and U.S. Senate, Committee on Armed Services, *Hearings on S. 1210, FY 1978 Defense Authorization*, 95th Congress, 1st Session, 1977, pt. 1, p. 85.

[3] U.S. Department of Defense, *Annual Report: Fiscal Year 1979*, February 2, 1978, pp. 6, 74; Walter Slocombe, *The Political Implications of Strategic Parity* (London: Institute for Strategic Studies, Adelphi Paper no. 77, 1971), esp. pp. 23-25.

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Precisely what such a change would entail both politically and militarily, and which countries would benefit most from it, remains uncertain.

## The Forces-in-Being

To manage this situation, U.S. general-purpose forces are currently sized according to what is deemed adequate to sustain a "one and a half war" strategy,[4] and are structured in accordance with the "total force" concept.[5] The former reflects a presumed capability to meet one major and one minor contingency simultaneously. At best a crude organizing concept, the "one and a half war" strategy does at least provide an indication of what is expected of the general-purpose forces in operational terms. The list of possible contingencies is extensive and far-ranging.[6] Increasingly, however, the commitment to Western Europe has gained prominence. In fact, the majority of U.S. general-purpose forces — especially the ground combat units — exist to maintain the NATO commitment or to reinforce NATO if war threatens or occurs.[7] The Army's new doctrine, as presented in FM 100-5 (which focuses almost exclusively on the requirements of a conflict in Europe), is indicative of this tendency, as is the "swing strategy" predicated on the redeployment of forces from Asia to Europe in an emergency.[8] These arose in part because the United States is disinclined to contemplate waging another land war in Asia, and in part because the continuing Sino-Soviet rift and the third Indochinese war suggest that the PRC

[4] Richard Hart Sinnreich, "NATO's Doctrinal Dilemma," ORBIS, Summer 1975, pp. 468-470; and U.S. House, Committee on Armed Services, *Hearings on FY 1978 Defense Authorization*, 95th Congress, 1st Session, 1977, pt. 1, pp. 95-96, 302-303. This process entails the sizing of forces according to their capability to wage a given number (*n*) of major conflicts that do not include the use of strategic-nuclear weapons, plus a residual capability to meet a minor (½) contingency. The latitude with which a "half-war" conflict may be defined is apparent when one realizes that the Vietnam War — in which the United States committed well over a half-million men at one time — was considered to be only a "half-war."

[5] The "Selected Reserve" includes both Reserve and National Guard formations and personnel. For discussions of the "total force" concept, see U.S. Senate, *FY 1978 Defense Authorization*, pt. 4, p. 2419, U.S. House, *FY 1978 Defense Authorization*, pt. 5, p. 340, and Defense Manpower Commission, *Defense Manpower: The Keystone of National Security* (Washington: GPO, April 1976), pp. 1-2.

[6] See contingencies listed in U.S. Department of Defense, *Annual Report: Fiscal Year 1979*, pp. 6-9, 78-79.

[7] William Schneider, Jr., "General Purpose Forces: Army and Air Force," in William Schneider, Jr., and Francis P. Hoeber, eds., *Arms, Men, and Military Budgets: Issues for Fiscal Year 1977* (New York: Crane, Russak, 1976), pp. 135-136; Kohler and Pirie, *Planning*; U.S. Senate, *FY 1978 Defense Authorization*, pt. 3, pp. 1575, 1705-1706.

[8] Department of the Army, *FM 100-5*, July 1, 1976. For a penetrating critique of the assumptions built into FM 100-5, and their consequences for the U.S. Army, see Donald B. Vought and John C. Binkley, "Fort Apache or Executive Suite? The US Army Enters the 1980s," *Parameters*, June 1978.



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is not the grave and immediate threat to U.S. interests that was once presumed to be the case.[9] A newly designated "rapid deployment force" (RDF) drawn from existing units is also to be available for use in classic "half-war" contingencies in the Third World, particularly (it is presumed) in the Middle East–Persian Gulf region.[10]

For its part, the "total force" concept simply assumes that the general-purpose forces available to secure U.S. interests and allies comprise the integrated sum of the active, the selected reserve (including the National Guard), and the individual remedy reserve components of the defense establishment. The first two components provide organized units, while the third component is to serve as a source of individual "fillers" and replacements for the organized formations. The basic configuration of the general-purpose forces has remained essentially unchanged for a number of years.[11] As of FY 1980, the general-purpose ground forces include nineteen active and nine reserve divisions, plus nine active and twenty-eight reserve major nondivisional units (independent brigades or regiments). General-purpose (tactical) air forces consist of forty-one active and fourteen reserve air wings of varying strength and composition. General-purpose naval forces comprise 415 ships of all classes (including 13 aircraft carriers) in the active fleet, plus an additional 75 ships in the Naval Reserve Force and the Naval Auxiliary Fleet Force. Strategic-mobility forces have at their disposal approximately 304 aircraft (including 70 C-5As) and 41 major ships, with additional aircraft and ships in reserve status.[12] A summary description of these general purpose forces as of FY 1980–1981 is presented in Table I.

## The Forces Reappraised

American general-purpose force capabilities are clearly as

[9] Geoffrey Kemp and Harlan Ullman, "U.S. Global Strategy: The Future of the Half-War Planning Contingency" (Washington: National Defense University, mimeo., June 1977), pp. 7-8, 17; Far Eastern Economic Review, *Asia 1977 Yearbook*, p. 42; Barry M. Blechman et al., "Toward a New Consensus in U.S. Defense Policy," in Henry Owen and Charles L. Schulze, eds., *Setting National Priorities* (Washington: Brookings, 1976), pp. 71-72, 126.

[10] This force is currently composed of three divisions (two Army, one Marine) under the command of a Marine general officer.

[11] For discussions of the general-purpose forces and strategic-mobility forces, see U.S. Department of Defense, *Annual Report: Fiscal Year 1980*, sec. 2, chaps. 3-6.

[12] The Navy's data do not include the forty-one SSBNs, which are part of the strategic force. Ground and air GPF vary considerably in size and composition. Marine divisions are larger than their Army counterparts, but more lightly armed than all but the airmobile/airborne formations. Air Force wings are smaller than Navy and Marine aircraft wings. They also include only one type of aircraft (e.g., attack), whereas Navy and Marine aircraft wings are multipurpose organizations with several different types of aircraft.



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TABLE I

SELECTED GENERAL-PURPOSE FORCES, FY 1980–FY 1981

| *Component* | *Active Force* | *Selected Reserve* | *Total Force* |
|---|---|---|---|
| Ground Forces | | | |
| Army divisions | 16 | 8 | 24 |
| Army brigades/regiments | 9 | 28[a] | 37 |
| Marine divisions | 3 | 1 | 4 |
| Tactical Air Forces | | | |
| Air Force wings | 26[b] | 11 | 37 |
| Navy air wings | 12 | 2 | 14 |
| Marine aircraft wings | 3 | 1 | 4 |
| Naval Forces | | | |
| Aircraft carriers | 13 | 0 | 13 |
| Other surface warships | 184 | 42 | 226 |
| Attack submarines | 81[c] | 0 | 81 |
| Amphibious ships | 63 | 3 | 66 |
| Auxiliaries | 74 | 30 | 104 |
| Mobility Forces | | | |
| Strategic airlift[d] | | | |
| C-5A squadrons/aircraft | 4/70 | 4/0[e] | 8/70 |
| C-141 squadrons/aircraft | 13/234 | 13/0[e] | 26/234 |
| Other squadrons/aircraft | 0/0 | 0/373[f] | 0/373 |
| Sealift (ships) | 27[g] | 14[h] | 41+ |

*Sources:* Department of Defense, *Annual Report FY 1979, Annual Report FY 1980, Annual Report FY 1981;* Joint Chiefs of Staff, *Military Posture FY 1979, Military Posture FY 1980, Military Posture FY 1981.*

[a]There are also 11 "selected reserve" battalions affiliated with active divisions.

[b]These units are not fully equipped and are not expected to have their full complements of aircraft until 1984. Also projected is one additional reserve air wing by the end of FY 1981.

[c]The Navy also has 41 ballistic-missile submarines (SSBNs).

[d]Tactical airlift capabilities include 218 C-130s in the active forces and at least 376 additional aircraft (including 264 C-130s) in the Reserves and National Guard.

[e]Selected Air Force Reserve "associated units" used to provide additional flight crews for aircraft in the active component.

[f]In the Civilian Reserve Air Fleet (CRAF). The CRAF includes 123 cargo/convertible aircraft.

[g]Military Sealift Command ships.

[h]Ready Reserve Fleet ships. Numerous other ships are designated for use by the Defense Department on mobilization, including 72 in the National Defense Reserve Fleet (NDRF).



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impressive as the demands placed upon them. Whether the forces available at the present time are adequate for such a concatenation of mission requirements, however, is far from certain. Indeed, one gets the distinct impression that the defined ends exceed the available means by a considerable margin. The principal source of this problem is the clear and continuing decline in American capabilities relative to those at the disposal of the Soviet Union.[13] By virtually any indicator of general-purpose force capability, the USSR has either acquired an advantage over the United States or increased an existing lead, depending on the forces being compared. The once vaunted American technological edge is slipping. In some areas, it is already gone.[14] To be sure, aggregate comparisons of Soviet-American force levels and relative technological sophistication do not tell the entire story. Factors such as leadership, training, discipline, and morale are also important. But if the objective disparities in the military balance are sufficiently great, and if the trends that have produced those disparities continue unabated for an extended period of time, then their political and military consequences are also likely to be great. It goes without saying that those consequences would not work to America's advantage.

In addition, there are a number of fundamental problems with our existing general-purpose forces. One is that the decision to designate the greater part of our general-purpose ground forces to NATO contingencies is strategically dubious. It sacrifices strategic flexibility and can only be implemented at the expense of our ability to meet contingencies elsewhere. Another difficulty is that the "total force" concept, while theoretically sound, is deficient in practice. This is, again, most notable in the case of the general-purpose ground forces and their designated reserve components, where shortfalls in equipment and personnel are manifest. Contributing to, and exacerbating, this situation is the flawed execution of the all-volunteer force (AVF) model, which has produced a military establishment deficient in numbers and quality alike.[15] A third problem

[13] U.S. Department of Defense, *Annual Report: Fiscal Year 1980*, pp. 4-7. This trend was identified most succinctly in early 1978 by the former chairman of the Joint Chiefs of Staff, General George Brown, who remarked that "in nearly every area of military strength there has been a relative decline over the years in relation to the Soviet Union." See Joint Chiefs of Staff, *United States Military Posture for FY 1979*, January 20, 1978, p. 1.

[14] Joint Chiefs of Staff, *Military Posture FY 1979*, pp. 8-11, 70, 75-76, 78, 82-83, 107-109.

[15] See, among others, Alan Ned Sabrosky, *Defense Manpower Policy: A Critical Reappraisal* (Philadelphia: FPRI, Monograph no. 22, 1978), and Kenneth Coffey, *The Strategic Implications of the All-Volunteer Force* (Chapel Hill: University of North Carolina Press, 1979).



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is that the strategic-mobility forces needed to deploy even the active components of the general-purpose ground forces overseas quickly and in strength are inadequate for that task. This shortfall becomes even more acute when one includes the organized Selected Reserve formations in the total of units to be deployed (assuming that the latter could be made deployable in short order), projected mobility-force improvements notwithstanding.

Finally, the significance of these considerations is underscored by flaws in the process by which U.S. general-purpose forces are sized and deployed. Part of the difficulty lies with the use of the "*n* and a half war" approach to force planning. The "one and a half war" strategy may well be more realistic than its "two and a half war" predecessor, given the disparities that exist between U.S. capabilities and U.S. commitments, but it is still far too vague to be a useful guide to the sizing and deployment of general-purpose forces. A more serious difficulty, however, is with the broad force-planning process itself: all too often, it seems to entail (1) defining "necessary" or "minimum risk" force levels according to what the armed services believe is politically and budgetarily feasible for them to obtain from Congress; (2) assigning to those forces missions that ought to be carried out, whether or not they are actually within the capabilities of the forces-in-being; and (3) rationalizing those forces and missions with respect to the various regions in which they are deployed, or might be deployed, for one reason or another.

Such a process is, to say the least, strategically unwise and militarily unsound, whatever its political and budgetary merits might be. The question is, after all, not simply "how much is enough," as Alain Enthoven and Wayne Smith once put it.[16] Numbers alone are inadequate bases of policy, especially when one appraises aggregate general-purpose force capabilities in light of the missions to be performed by them in the emerging strategic environment.[17] It is rather how much of what is required, and where, that merits attention, *giving primary consideration to the political utility of military power in world politics*.

All of this suggests that the sizing and deployment of U.S. general-purpose forces are properly determined by two factors. These are the *political* role to be played by the general-purpose forces in various parts of the world and the likely *military* charac-

[16] Alain C. Enthoven and K. Wayne Smith, *How Much Is Enough? Shaping the Defense Program, 1961-1969* (New York: Harper & Row, 1971).

[17] See, for example, Admiral Stansfield Turner, "The Naval Balance: Not Just a Numbers Game," *Foreign Affairs*, January 1977, p. 340.



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teristics of future conflicts therein.[18] In the European theater of operations, the primary task of American general-purpose forces (especially the ground forces) is to reinforce the American political commitment to NATO and to provide the necessary linkage to the American strategic-nuclear retaliatory forces. After that, U.S. general-purpose forces have a residual, and probably terminal, war-fighting capability to be employed if deterrence fails. In Asia, general-purpose forces provide the same functions of military linkage and political reassurance as in Europe. In addition, though, they have more potential military war-fighting utility than in Europe, simply because most of the potential conflict situations that might arise in Asia would not bring U.S. forces into immediate contact with the forces of another nuclear power. Finally, general-purpose forces within the Continental United States (CONUS) itself have the political task of adding to the credibility of the United States as a major power and the threefold military task of acting as a strategic reserve for the European and Asian theaters, providing a quick-reaction force for interventions in the Third World, and supporting state and local police forces in the maintenance of internal security.

These tasks place certain demands on the U.S. military establishment. They require the maintenance of the stability of the essential strategic balance between the United States and the Soviet Union. They necessitate having on hand substantial air and naval general-purpose forces. They demand the availability of sufficient strategic-mobility forces to permit the strategic reserve (from the active component), as well as mobilized units from the reserve component, to be deployed overseas in sufficient time and strength to affect the course of the battle. But they do not require maintenance of manpower-intensive general-purpose ground forces in the active component at anything approaching present force levels.

Upon assessing what should be expected of U.S. general-purpose forces in each of the principal regions, it is apparent that our extant force posture leaves much to be desired. The maintenance of the essential strategic balance is of paramount importance, yet strategic forces receive only a fraction of the resources allocated to the general-purpose forces. Among the general-purpose forces themselves, major ground forces (active and reserve) are less important than the air and naval forces required to project and support them overseas. Nevertheless, the manpower-intensive Army and Marine Corps account for nearly one-half of defense manpower,

[18] For a full discussion of these points, see Sabrosky, "U.S. Force Posture."



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and most of that in the Selected Reserve. It should be remembered, however, that large, standing ground forces and a large organized reserve of similar units can be justified only if two conditions are met: (1) there must be a clear political and military requirement for such forces, and (2) there must exist sufficient mobility forces to project the GPF overseas in good order *even if pre-positioned equipment is unavailable*. Yet, in the case at hand, neither condition is met at present, and it is highly unlikely that either will be met in the near future.

## Essential Reforms

It seems readily apparent that the existing inconsistencies and shortcomings in the sizing and deployment of our general-purpose forces must be eliminated, and work begun on the necessary corrective measures. The latter reforms fall into four categories, each of which bears on the sizing and the deployment of the general-purpose forces. They include (1) *restructuring* the general-purpose forces, bringing the mix of air, naval, and ground forces into congruence with the political and military requirements facing the United States today; (2) *redefining* the missions and the roles of the general-purpose ground forces in the Army and the Marine Corps; (3) *recasting* the "total force" concept to provide a better integrated and operationally more effective mix of active and reserve forces in the prevailing all-volunteer recruiting environment; and (4) *redeploying* the newly created general-purpose ground forces to achieve the maximum economy of force possible.

### (1) *Restructuring the U.S. General-Purpose Forces*

The first step to be taken is perhaps the most controversial, as it involves a shift away from the "balanced force posture," at least, as currently defined. Marginal adjustments in the mix of air, naval, and ground general-purpose forces no longer matter. Indeed, debates over the relative merits of one aircraft carrier, air wing, or division more or less verge on the trivial, even if the future sees a reassertion of U.S. strategic capabilities. If the United States lacks the ability to project its ground forces overseas in strength, to protect them en route to the theater of operations, and to support them in that theater, then one or more of the theater balances could easily fail when subjected to an active threat. Should that occur, the United States may well begin a recessional from which it would be, at best, extremely difficult to recover.



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The necessary remedial action entails a significant increase in the strength of the naval and tactical air general-purpose forces, as well as in the strategic-mobility forces. With respect to the Navy, this requires placing emphasis on "power projection" rather than on "sea control" capabilities. In general, of course, it is true that "sea control is a prior condition to successful projection of power ashore,"[19] and that most types of ship have at least some applicability to both types of mission. Yet in the situation in which the United States now finds itself, that requirement is not so clear-cut. Against any adversary except the USSR, the U.S. ability to control the seas is unlikely to be subjected to any significant challenge. Against the USSR, however, the American ability to control the seas would be of less importance than this country's ability to inflict damage on the Soviet Union itself. In both cases, aircraft carriers, cruisers, destroyers, and amphibious ships would be of greater utility than frigates and attack submarines, given the probable duration of the central conflict. This also entails greater emphasis on smaller, lighter aircraft carriers, rather than on the large Nimitz-class vessels, in order to maximize the number of separate launching platforms available in the event of war, and it requires a significant augmentation of the fleet's naval-gunfire capability (NGF). We must put an end to the class-by-class outgunning (in all senses) of U.S. warships by their Soviet counterparts.

Besides augmenting the Navy's power projection capabilities, it is also essential to upgrade tactical air power. The increasing effectiveness of synergistic air-defense systems cannot be ignored, of course, but neither can the ever more sophisticated systems at the disposal of tactical aviation. Further, the political-military assets represented by tactical aviation are substantial, particularly in a situation in which the size of the general-purpose ground forces is to be reduced. Indeed, an augmented tactical air capability would increase the flexibility with which the United States could deploy and employ its general-purpose forces as a whole.[20] Ideally, it would also be well to reduce the redundancy in tactical air forces that now exists in the overall defense establishment. Whether that would be politically feasible, especially when tactical aviation force levels were being increased, is difficult to determine.

Finally, our strategic-mobility forces need to be upgraded.

[19] Arnold Moore, "General Purpose Forces: Navy and Marine Corps," in Schneider and Hoeber, eds., *Arms, Men, and Military Budgets*, p. 69. See, also, Turner, "The Naval Balance," p. 354.

[20] Blechman et al., "Toward a New Consensus," p. 103.



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Some augmentation of sealift capabilities would certainly be useful, if only to give us the ability to enhance our strategic lift should both the need to do so arise and the time required for sealift be available. The emphasis, however, should properly be placed on strategic airlift capabilities, specifically on the acquisition of additional C-5A-type aircraft. It does little good to have more divisions designated for a "quick-reaction force" than there are aircraft to project them overseas quickly, even assuming the absence of any contingencies in a major theater of operations that would divert essential aircraft from that force. Greater strategic airlift capabilities means both more operational mobility and more strategic flexibility, each of which is highly desirable if we are to obtain the maximum economy of force.

(2) *Redefining Army and Marine Corps Structures and Roles*

The second step in the process of reorganization and reform follows the adoption of its predecessor, and — in many respects — it is at the heart of the proposed restructuring of the general-purpose forces. It entails a redefinition of the respective roles of the Army and the Marine Corps, and the subsequent restructuring of the services to bring them into accord with their newly specified missions.

The debate over the relative roles of the Army and the Marine Corps is one of long standing. Indeed, even to raise fundamental questions about either service's position within the Defense Department usually produces a reaction similar to that of a wounded armadillo. This recoil precludes further discussion. The Marine Corps, for example, is often accused of having become a "second army" (to say nothing of a third air force!), whereas the Army's possession of light airborne/airmobile divisions is seen to overlap with some of the missions usually believed to fall under the purview of the Marine Corps. To a considerable extent, both criticisms are justified. The recent decision to structure a "rapid deployment force" based on Army as well as Marine "light" divisions suggests the beginning of an effort to reconcile a number of existing inconsistencies.

The most obvious deficiency in such a proposal (as well as in others of a similar stamp), of course, is that such efforts do not come to terms with the fundamental problems confronting the general-purpose ground forces. The objective missions that those forces must be able to carry out and the new weapons technologies



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both imply a bifurcation of the ground forces, *but* not along the lines of the "combat army/support army" dichotomy once suggested.[21] That is, we do need "two armies," but the distinction between them should be drawn in operational rather than organizational terms. One "army" (to retain the generic term) would be for *general war,* whether nuclear or nonnuclear; the other would be oriented toward the conduct of *limited wars or interventions.* Each of these "armies" would have its own organizational and institutional characteristics. The first, or "general war" force, would be heavily mechanized. It would be intended to "hold the frontiers" and wage general theater warfare, especially — but not exclusively — in Europe. The second, or "limited war" force, would emphasize airmobile/amphibious capabilities. It would be lightly armed and equipped, tailored for air- or amphibious-assault operations as our elite expeditionary force.

To say that two very different classes of general-purpose ground forces are required, however, does not mean that both classes must be found in both the Army and the Marine Corps. Yet that, of course, is precisely what seems to have developed over time. The Marine Corps, despite its frequent protestations to the contrary, has evolved into a second army. The Corps' effort to upgrade its mechanized capability and find a role for itself in the armor-heavy NATO theater of operations simply underscores this point. On the other side of the coin, there is no logical need for the Army to retain an "expeditionary force" nearly as large as the Marine Corps itself. In fact, we now include in the "total force" structure two separate "expeditionary forces" with a combined strength of five and one-third active and one and one-third reserve divisions.[22] Not only are these forces redundant, they also exceed both the realistic requirements for such forces and the available transport to move them all abroad quickly should such an unlikely contingency arise.

There is a clear remedy to this problem that would optimize the efficiency with which the Army and the Marine Corps are structured and employed, and would make possible budgetary and manpower savings. This would entail a straightforward redefinition of the roles of those two services along the functional lines discussed above. The Army would become the "general war" force;

[21] See, for example, William L. Hauser, *America's Army in Crisis* (Baltimore: The Johns Hopkins University Press, 1973), chap. 12.

[22] These include four amphibious-assault (Marine) divisions and two and two-thirds air-assault (Army) divisions. One Marine division and one-third of an Army division (i.e., one brigade) are in the Selected Reserve component.



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it would be structured around armored and mechanized divisions, and would have a much smaller number of nonmechanized infantry divisions than now exist for use in major Asian contingencies. The Marine Corps would become solely a "limited war" force; it would remain a lightly equipped organization, capable of rapid deployment overseas in the Third World or in Northeast Asia, and it would assume the air-assault capability now under Army auspices, retaining besides its present amphibious-assault capability.[23]

(3) *Recasting the "Total Force" Concept*

For this redefinition of Army and Marine Corps roles to produce the desired economy of force, the "total force" concept on which our strategy is based must be restructured. Three basic considerations influence how that ought to be accomplished.

First, however they are structured, the general-purpose ground forces are likely to be increasingly hard-pressed to obtain and retain sufficient numbers of qualified personnel. The entire problem of defense manpower management in the all-volunteer force certainly raises doubts about the ability of the armed forces to maintain existing manpower levels in the defense establishment as a whole.[24]

Second, the "total force" concept itself, as pointed out above, is theoretically valid. An effective reserve component is essential to the maintenance of a credible U.S. defense posture. The reserves, of course, are not intended either to replace the active forces or to eliminate the need for some form of conscription in the event of a protracted general war. They are, instead, intended (1) to supplement regular forces in a short-term, high-intensity conflict and (2) to bridge the gap in a longer, general war between what can be brought to bear by the regular forces and what can be obtained only through conscription.

Third, and finally, the need to augment the air and naval general-purpose forces and strategic-mobility forces under the severe budgetary constraints with which the services must deal demands a more economical use of ground forces. It requires, in short, smaller active and reserve Army and Marine Corps com-

[23] Alan Ned Sabrosky, "United States Marine Corps," in James E. Dornan, Jr., ed., *The U.S. War Machine* (New York: Crown, 1978). This is essentially the "third option" set forth by Martin Binkin and Jeffrey Record in *Where Does the Marine Corps Go from Here?* (Washington: Brookings, 1976), pp. 78-81. Binkin and Record, however, proposed to concentrate air-assault capabilities within a single Marine division, rather than integrate air- and amphibious-assault formations at the brigade level as I do here.

[24] See Sabrosky, *Defense Manpower Policy*, for a full discussion of this issue.



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ponents that make better use of available manpower and resources without compromising their ability to fulfill essential missions. To accomplish this task requires a restructuring of the active and reserve components of the "total force" and a reintegration of the two components at a lower level than is now the case. The key, in short, is that a useful reserve force can be obtained by extending and modifying the concept of "affiliating" reserve units with regular divisions. The only problem with this excellent concept is that it takes place at too high an organizational level for the reserves to be used quickly and effectively. As Martin Binkin put it, "the smaller the unit to be deployed, the less the need for training (and the faster it can be deployed), all other things being equal."[25] It therefore makes good sense to integrate regular and reserve formations at the lowest unit level possible.

These precepts — the need for an effective "total force," the feasibility of manpower reductions in the Army and the Marine Corps, and the utility of an extended version of the "affiliation" concept (i.e., creating hybrid regular-reserve units) — define the parameters within which the "total force" itself must be restructured. This restructuring entails application of a modified version of the Soviet system of organizing divisions into three distinct categories, differing according to their overall degree of readiness for full-scale combat operations.[26] Divisions in all three of our categories of readiness, however, would have full sets of first-line equipment, differing in this respect from their Soviet counterparts. Category-I divisions would be maintained at or slightly above full (100 per cent) manning levels. Category-II divisions would be maintained at approximately 50 per cent of their operational manning levels. Category-III divisions would be at approximately 25 per cent of their operational manning levels.

Unlike the present system, moreover, *all three categories of divisions would be maintained within the active force structure.* Organized National Guard divisions would be eliminated from the force structure, although their numbers and regional identification might be retained in the Category-III divisions to overcome some possible political objections to this plan. In the Category-II and

[25] Martin Binkin, *U.S. Reserve Forces: The Problem of the Weekend Warrior* (Washington: Brookings, 1974), pp. 10, 45-47; and Blechman et al., "Toward a New Consensus," pp. 69-70.

[26] Jeffrey Record, *Sizing Up the Soviet Army* (Washington: Brookings, 1975), esp. pp. 21-22; Steven Canby, "European Mobilization: U.S. and NATO Reserves," *Armed Forces and Society*, Winter 1978, pp. 238-241; and Robert Lucas Fischer, *Defending the Central Front: The Balance of Forces* (London: International Institute for Strategic Studies, Adelphi Paper no. 127, 1976), pp. 20-21.



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Category-III divisions, regular personnel would fill the majority of headquarters billets at all organizational levels within the division, and would cadre other divisional units to as great an extent as possible, consistent with their numbers. Reservists would be assigned to, and be trained with, divisional units as individuals, insofar as that could be done. Under no circumstances would any reserve unit larger than company-size be assigned to a Category-II division, nor would reserve formations larger than battalion-size be included in Category-III divisions as independent units. The time required for Category-II and Category-III divisions to mobilize and deploy would have to be appraised carefully in light of likely political and military requirements.[27] At the very least, however, Category-II divisions should be able to complete mobilization in seventy-two to ninety-six hours after being directed to do so. Category-III divisions, whose services would be needed only in the event of a major, protracted war, could be permitted more time to become fully operational; but in no case should mobilization time exceed four to six weeks.[28] Finally, Army and Marine Corps divisions alike would be restructured in accordance with this three-tier system of divisional readiness.

Different divisional categories would have different missions within the overall context of U.S. strategy. Category-I divisions would constitute (1) the overseas garrisons, deployed in forward areas; (2) the quick-reaction intervention, or expeditionary, forces; and (3) that part of the "strategic reserve" within the United States itself which would be available for immediate deployment overseas. Category-II divisions would constitute most of the formations in the "strategic reserve." Category-III divisions would play the same role now carried out by the so-called Selected Reserve divisions, although at a far higher level of readiness than the latter have been able to attain under the present system.

Precisely how many divisions from each service ought to be placed in each category requires the appraisal of a number of factors whose consideration is beyond the scope of this paper.

[27] The effectiveness with which reserves can be mobilized and deployed depends upon two factors: (1) the extent to which reserve personnel train with the specific unit they will join upon mobilization and (2) the quality of reserve training. The length of reserve training time, it should be noted, is not necessarily a reliable indicator of reserve performance. The Israeli reserves, for example, train approximately forty-five days per year — three days less than their American counterparts — yet they are capable of substantially better mobilization performance than the U.S. reserve forces. Something other than training time obviously matters.

[28] It has been suggested that units in which the highest-level *reserve* component is a battalion can be deployed within six weeks. See Binkin, *U.S. Reserve Forces*, pp. 45-47.



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This is particularly true with respect to the attention that must be paid to the political impact of the proposed restructuring of forces on allies and adversaries alike. One plausible approach to this question, however, is outlined in Table II. This scheme would retain the twenty-four Army and four Marine Corps divisions currently included in the active and Selected Reserve components. It would, however, reapportion those divisions among the three divisional categories in accordance with (1) the requirements levied upon the general-purpose ground forces and (2) the projected availability of strategic airlift and amphibious-assault forces to deploy high-readiness units to overseas theaters of operations. Based on these criteria, this proposal would place ten divisions in the Category-I readiness condition, making them available for immediate operations, eight additional Category-II divisions being available as reinforcements within one week. In all contingencies except a protracted, general, nonnuclear war, these eighteen divisions would constitute the U.S. field force. The remaining ten Category-III divisions would be available for the latter contingency, as well as for internal security requirements.

TABLE II

PROPOSED "TOTAL FORCE" STRUCTURE

| *Readiness Category* | *Army* | *Marine Corps* | *Defense Total* |
|---|---|---|---|
| I | 8[a] | 2[b] | 10 |
| II | 8[a] | 0 | 8 |
| III | 8[a] | 2[b] | 10 |
| TOTAL | 24 | 4 | 28 |

[a]Includes 2 "light" divisions (nonmechanized infantry) for service in areas not suitable for mechanized operations.

[b]Combined amphibious- and air-assault divisions.

Other combinations of these divisional readiness categories are certainly possible. What has been presented here, however, seems to be adequate politically and militarily. Once the reorganization had been completed, the Army would have six armed or mechanized divisions in Category I, more than are deployed overseas today. The Marine Corps would have two Category-I divisions for "intervention" missions, each of which would have amphibious as well as airmobile/air-assault capabilities. This would bring intervention capabilities more into congruence with the airlift and amphibious-lift capabilities available to them without severely



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handicapping the mobility of the other divisional forces. Category-II and Category-III divisions could be mobilized by either service as requirements dictate.

This restructuring — it must be emphasized — ought not be seen as a way of enlarging the number of divisions within the organizational framework of the Army and the Marine Corps at current manpower levels. To do so is neither necessary, given the objectives the ground forces ought to be assigned, nor realistic, given the constraints imposed on the armed services by the all-volunteer recruiting environment. Instead, it is a way of maintaining the existing "total force" concept at a higher level of operational efficiency than is possible at present without turning to some form of selective or national conscription.

Further, this proposal actually permits a reduction in the absolute number of personnel required by the active components of the Army and Marine Corps. In the case of the Marine Corps, which would retain only two Category-I divisions with supporting aviation and other elements, active force levels could decline by 30,000 to 50,000 men, depending on the precise extent of the reorganization. To be sure, as many as one-third of those personnel savings would be absorbed by cadres assigned to the two Category-III divisions, but even this would mean a reduction in the number of regular personnel required by the Marine Corps sufficient to ease its manpower burden. In the case of the Army, manpower equivalents of at least two divisions would nominally no longer be required, even taking into account the cadres required by the Category-II and Category-III divisions.[29] Since most divisions are now understrength, however, the actual savings in active-duty manpower would likely be somewhat less than that figure. But far greater manpower savings would accrue from the use of reserve personnel in service and support units now manned entirely by regular personnel.

Finally, the reduced manpower requirement for the active components of these services would tend to relieve the recruiting

[29] A crude approximation of this for the Army alone follows:

| *Division Category* | *Number of Divisions* | *Manning Level* | *Number of Division-Equivalent Personnel* |
|---|---|---|---|
| I | 8 | 100% | 8 |
| II | 8 | 50% | 4 |
| III | 8 | 25% | 2 |

TOTAL: 24 divisions with 14 division-equivalents in personnel from the active component, compared with today's 16 division-equivalents in active-duty personnel and less-reliable reserve divisions.



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problems faced by reserve components. The fact that fewer reserve personnel would now be required in the aggregate than under the present system would further ease reserve recruiting. Theoretically, under the restructuring proposed, it would be possible for what is now the "Selected Reserve" to be composed almost entirely of prior-service personnel, at least in the divisional units themselves. This would ease the difficulties posed now by the declining overall educational level and mental-aptitude test scores of non-prior-service enlistees in the Selected Reserve.[30] The net increase in the overall efficiency of both the reserves and the "total force" itself would therefore be considerable.

(4) *Redeploying U.S. General-Purpose Forces*

It should be apparent that all Category-II and Category-III divisions will be based within the United States proper, in order to facilitate the sequential mobilization and deployment of divisions in the various readiness categories. With respect to the Category-I divisions, however, there are two important decisions to be made. The first involves the extent to which ground forces should be based outside of the Continental United States. It is influenced by an appraisal of (1) the likelihood that deployed forces would have to fight independently of reinforcements, (2) the distance between CONUS and major potential theaters of operations, and (3) the probable availability of adequate mobility forces should such a conflict occur. The second decision reflects a determination of the relative priority to be assigned to the European and Asian theaters, at least with respect to the deployment of the general-purpose ground forces.

Some proposed plans for restructuring and reorganizing the Army have argued for dividing that service into three corps (Europe, Asia, CONUS) of more or less the same size.[31] In such cases, however, there seems to be more interest in continuity than in any change based on realistic theater requirements and on the projected availability of strategic lift. If the latter considerations are taken into account, it quickly becomes clear that most of the Category-I divisions should be based outside CONUS — that is, either in or adjacent to likely areas of major conflict. This would

[30] For a discussion of this problem in the Selected Reserve, See Richard V. L. Cooper, *Military Manpower and the All-Volunteer Force* (Santa Monica, Calif.: Rand, Report R-1450-ARPA, September 1977), pp. 154-156.

[31] See, for example, William L. Hauser, "The Military Ethic," *Strategic Review*, Fall 1976, pp. 81-83, and Zeb B. Bradford, Jr., and Frederic J. Brown, *The United States Army in Transition* (Beverly Hills, Calif.: Sage, 1973), pp. 83-86, 147-165.



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facilitate both the insertion and the subsequent reinforcement of theater forces, and would ease the burden placed on the strategic-mobility forces should such a contingency arise. This is particularly true with respect to Asia, where U.S. forces in or assigned to the region would probably be without strategic airlift in the event of a conflict with the USSR, given the almost certain precedence to be assigned to the European theater. Certainly it makes no sense to predicate a strategy on the rapid arrival of reinforcements for which adequate strategic airlift may not exist, or to maintain within the United States itself a strategic reserve several times larger than the capacity of the strategic airlift available to deploy it overseas.[32] If time exists to use sealift, time also exists to mobilize what would be labeled Category-II, or even Category-III, divisions.

If Category-I divisions should be forward-based to as great an extent as possible, where should emphasis be placed: on Western Europe or on Asia? As was emphasized above, the role of U.S. ground forces in Europe is really more political than military, whereas in Asia the military role is at least equal in importance to the political role. On the other hand, there is the distinct problem that the Europeans and (to a lesser extent) the Americans have both allowed themselves to believe that there is a one-to-one correspondence between the maintenance of the present number of U.S. ground forces stationed in Western Europe and the steadfastness of the U.S. political commitment to NATO. This conviction may also be reinforced by the unlikelihood that any single state could "Finlandize" Asia to the degree that the USSR might Finlandize Europe if American reliability were to be perceived as waning significantly.[33]

Objectively, of course, such a position is patent nonsense. There may well be a qualitative political difference between the presence of four or five U.S. divisions in Western Europe and no American military presence there at all. That an objective difference might exist between a U.S. presence of say, five divisions, on the one hand and three, on the other, seems rather far-fetched. Yet, the likelihood that such a *belief* may persist argues that any reduction in the size of the U.S. garrison in Western Europe should be undertaken with great caution, if only to preclude the appearance

[32] The Civilian Reserve Air Fleet (CRAF) lift capacity is, of course, substantial. The pertinent question here, however, is whether it could be accessed quickly in an uncertain prewar mobilization situation. One may, at the very least, entertain reservations on this matter.

[33] For a discussion of this process, see Adam M. Garfinkle, *"Finlandization": A Map to a Metaphor* (Philadelphia: FPRI, Monograph no. 24, 1977).



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of unwarranted, perhaps irreversible, political repercussions. Certainly, the furor attending the initial U.S. decision to begin withdrawing ground forces from South Korea underscores the political sensitivity of this issue, especially since the withdrawal of a significant number of American ground forces from Western Europe would necessitate an explicit redefinition of the U.S. role in the defense of that region. Still, I believe that such a withdrawal — if properly managed — can be accomplished without reducing the credibility of the American commitment to NATO, encouraging Soviet adventurism or limited military incursions in Western Europe, or undermining the political cohesion of NATO itself.[34]

Keeping the foregoing considerations in mind, the following redeployments of Category-I divisions ought to be undertaken in order to (1) maintain a credible U.S. political-military presence in Europe, (2) deploy U.S. ground forces in the Pacific Basin sufficient for a credible war-fighting capability in that region, and (3) bring the size of the CONUS-based strategic reserve into congruence with those mobility forces likely to be available for overseas deployment. The net effect of these redeployments is summarized in Table III.

In the case of the eight Category-I Army divisions, four "heavy" divisions would remain headquartered in Western Europe. One-third of each division, however, would be home-based in CONUS. Ideally, this would mean either one battalion from each brigade or one company from each battalion.[35] In peacetime, CONUS-based elements of these four heavy divisions would rotate with comparable units in their European-based parent formation. On mobilization, these elements — plus the two remaining "heavy," Category-I divisions that would normally be home-based in CONUS — would constitute the first echelon of NATO reinforcements. They would, in a sense, be the equivalent of the existing "two plus ten" forces. (Category-II divisions in the United States would take the place of the follow-on Army divisions now maintained at or near full strength as part of the NATO-oriented strategic reserve.) The last two Category-I Army divisions, both of which would be "light" divisions (i.e., nonmechanized infantry), would be home-based in the Western Pacific. One, obviously, would be retained in South Korea. Basing arrangements for the second division would

[34] The rationale for this position is discussed at length in Alan Ned Sabrosky, "European Security and the Essential Strategic Balance," FPRI Research Memorandum, June 1978.

[35] Canby, for example, has suggested that company-size "packets" are more readily deployable in an emergency. ("European Mobilization," pp. 239-240.)



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TABLE III

PROPOSED DEPLOYMENT OF CATEGORY-I DIVISIONS

| *Theater of Operations* | *Army* | *Marine Corps* |
|---|---|---|
| Europe | 4 "heavy" divisions (—)[a] | 1 brigade[b] |
| CONUS | 2 "heavy" divisions<br>*plus*<br>4 "heavy" brigades | 1 division (—) |
| Asia | 2 "light" divisions | 1 division[c] |

[a]One brigade from each of the 4 "heavy" divisions (armored or mechanized) headquartered in Western Europe would normally be based in CONUS with its supporting units. Note that this disposition does not include such independent units as the Berlin Brigade and the armored cavalry regiments.

[b]Detached from the Marine division headquartered on the U.S. East Coast.

[c]One brigade from this division would be based in Hawaii.

have to be made with another country in the Pacific Basin. Depending on the local politics, Australia or New Zealand would be excellent, although other alternatives could certainly be contemplated. The Twenty-fifth Division, in Hawaii, which already relies on a National Guard brigade to round out the divisional structure, would revert to Category-II status.

As for the Marine Corps, the objective would be to pre-position Marine units in or adjacent to those areas where the services of an expeditionary force or, to use a more neutral term, "quick-reaction" force, might most likely be needed. In order to enhance unit-deployment flexibility, the integration of amphibious- and air-assault capabilities ought to take place at the brigade rather than the divisional level, the precise mix of those capabilities to be determined by projected operational requirements.[36] Of the two Category-I Marine divisions, one (with aviation and supporting force troops) would be headquartered on each coast (broadly defined). One brigade of the Fleet Marine Force, Atlantic would be home-based in Western Europe. It would provide a contingent for the Sixth Fleet in the Mediterranean and would be available for contingencies in the Middle East and Africa. The remainder of that division would be located on the U.S. East Coast. It would provide

[36] Individual Marine personnel would receive basic training in both amphibious- and air-assault techniques. Organizational differences in the two categories of Marine maneuver battalions would be limited to the greatest extent possible.



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contingents for Caribbean operations, and its battalions would rotate with those of the European-based brigade. The second Category-I Marine division, minus a brigade, would be forward-based in the Western Pacific. The detached brigade would be based in Hawaii, and its battalions would rotate with those of the forward-based parent formation. The two Category-III Marine divisions would, of course, be headquartered in the United States proper. One would be located on the West Coast, principally to meet Asian contingencies; the other should be home-based either in the South or in the Southwest in support of the Atlantic and Caribbean–oriented Marine Division.

**Conclusion: Implications for U.S. Defense Policy**

The implications of these proposals for the general-purpose forces are considerable. Their net effect on the armed services would be to increase the size and the on-hand capabilities of the Navy and the Air Force, putting specific emphasis on "power projection" and "close air support" (CAS) missions, respectively, for those services. The Army and the Marine Corps would find their active-duty strength reduced, although the greater efficiency that would be attained by a better integrated "total force" and by a more precise definition of each service's role in the overall defense establishment would compensate for those reductions. Such a posture would certainly place greater reliance both on U.S. reserve components and on European ground forces than is now the case, but neither demand ought to be considered excessive. In fact, there is no good reason why a somewhat greater "Europeanization" of NATO's ground defense cannot be accomplished successfully in conjunction with the reforms proposed in this paper.

To be sure, there are certain disadvantages to an approach such as the one I propose. Some on-hand flexibility would be sacrificed, at least insofar as the general-purpose ground forces are concerned. There might also be some apprehension in certain circles abroad about the possible long-term implications of this approach for the U.S. role in world affairs. Moreover, the political obstacles within the United States are not inconsiderable. Many sacred cows are being attacked, and most of them have well-intentioned supporters who prefer not to acknowledge that what were once "new realities" have become, in their turn, "old myths."

Nonetheless, this proposal has a number of distinct advantages that commend it to defense planners. It permits savings



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in manpower-related costs as well as retention of the all-volunteer force concept. It allows greater resources to be devoted to the strategic forces, whose credibility and capability are the foundation of U.S. national security. It enhances our ability to project ground forces overseas, to protect them en route to their objectives, and to provide them with effective naval and tactical air support within their designated theaters of operations. It imposes an additional degree of political and military constraint on the use of U.S. forces abroad. To commit U.S. forces to battle in any but the most limited situations would demand the mobilization of at least the Category-II divisions. The debate that would almost certainly attend such a decision could either inhibit the president's use of those forces or mobilize the Congress and the country behind U.S. policy to a greater extent than in our Vietnam misadventure. Either outcome, it should be obvious, would be preferable to another long, frustrating, and indecisive war at home and abroad. Finally, the proposed reforms would provide a realistic linkage between American general-purpose force capabilities and the missions they ought to be able to perform. This alone would go far toward increasing the reliability and effectiveness of the military instrument of U.S. foreign policy.



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# AFGHANISTAN: THE EMPIRE PLAYS TO WIN

by Lord Saint Brides

The Soviet Union's interest in Afghanistan goes back more than fifty years. In 1926, the two countries signed a treaty of neutrality and nonaggression under which each agreed not to interfere in the other's internal affairs and undertook not to join any alliance or agreement directed against the other. With Soviet approval, nonalignment became and remained the basis of Afghanistan's foreign policy. This situation continued up to and during World War II, and throughout the fifties and sixties, by which time Afghanistan was receiving substantial economic aid both from the USSR and the United States. Over the years, the Soviet Union had become the main source of weapons and training for the Afghan army, so that the military relationship between the two countries was already close at the outset of Sardar Mohammed Daud Khan's presidency (1973-1978).

Daud signed a thirty-year trade and economic agreement with the USSR but, as time went on, began increasingly to assert Afghanistan's nonalignment and continuing independence from the Soviet Union. Daud gradually reduced the number of Soviet military advisers in Afghanistan (according to one account, from more than 1,000 to only 200). He entered into a program of large-scale economic cooperation with the shah's Iran. He paid official visits to Yugoslavia, Egypt, Saudi Arabia, and Kuwait. In April 1978, Daud was overthrown and killed, with all his family, in a coup d'état conducted by the Afghan Communist Party. Further large numbers of Soviet advisers, military and civilian, were sent to assist (and monitor the performance of) the new Afghan Communist regime, which consisted at first of a coalition between Nur Mohammed Taraki and Babrak Karmal, representing respectively the majority faction (the Khalqis) and the minority faction (the Perchamis) in the Afghan Communist Party. In July 1978, Karmal was dismissed from his post as vice-president and posted to Czechoslovakia as

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ambassador. Thereafter, the rivalry between the two factions became steadily more bitter, reaching a climax after Taraki was ousted and killed in September 1979 by the Khalqi strong-arm man Hafizullah Amin.

From the moment they got power, the Afghan Communists put into motion a process of forced modernization, involving drastic social and educational changes, in the Afghan countryside. The regime's targets were principally the well-to-do and the Muslim clergy; that is, the conservative elements who had most to lose from the spread of communism. Afghan refugees whom I met at Jamrud, Pakistan, at the foot of the Khyber Pass, told me in March 1980 that it was after Daud's overthrow in Spring 1978 that the Afghan Communists began seeking with determination and cruelty, and with help and encouragement from the Soviets, "to destroy our old ways and beliefs and to introduce communism in their stead. That is why many of us took refuge in Pakistan even before the Russian troops invaded our country. The Afghan Communist government and army were systematically destroying all those traditional elements in our society which stood in their way." When I said that Afghans as a people were known for their fierce devotion to Islam, and that surely the communists could have no real hope of destroying their faith, they replied: "That is true of all of us who are adults. But what the Communists want is to get hold of our children." Thus, it was the Afghan Communist Party's arrival in power, followed by a campaign that the new regime launched with Soviet encouragement to indoctrinate the Afghan population in communist ideology, that triggered the rebellion among the Afghan tribesmen that they have waged with such fervor and ferocity ever since.

## II

Hafizullah Amin pursued with vengeful cruelty the Khalqi faction's running battle with the Perchamis. He added still greater harshness to the pressure that the Afghan government and army were bringing to bear on the tribes. (After Amin's coup against Taraki, the monthly outflow of Afghan tribal refugees into Pakistan rose from 48,000, at which it had stood for the previous year and a half, to 90,000. The Afghan army itself balked at the excesses it was required to commit. Sizable numbers of Afghan officers and soldiers began to defect to the rebels or, as they more aptly call themselves, *mujahideen* (freedom fighters). It became less and less



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likely that the Afghan army would be equal to the task of subduing them. A team of Soviet generals paid a visit to Afghanistan, and in the light of their report Moscow evidently took two decisions: first, that the gains already made for the communist cause over the years in Afghanistan were too important to lose; secondly, that only the use of force by the Soviet Union itself could retrieve the situation. A third decision — taken when Hafizullah Amin, having already shown disturbing signs of possessing a will of his own, finally demanded that Puzanov, the Soviet ambassador to Kabul, be recalled and replaced — was that Amin himself had become an obstacle to Soviet plans and would have to be eliminated.

I asked the Afghan refugees whom I met at Jamrud whether they saw the invasion of their country as another episode in the expansion of the Russian Empire, which as we British knew had spread in the eighteenth and nineteenth centuries all the way from the great military base at Orenburg in the Urals until it was checked by British counterinfluence on the banks of the Oxus; or whether what was happening should be regarded rather as a Soviet attempt by means of armed force to spread the grip of communism, that proselytizing official faith of today's Russian rulers. Both, they replied, for what was the second objective but the latter-day manifestation of the first? As witness the doctrine proclaimed by Brezhnev in Warsaw (November 1972) that once a country has joined the Soviet camp, the USSR is in duty bound to keep it there.

The Soviet government claims that its troops entered Afghanistan last December in order to save the country from a rebellion that had been fomented and armed from abroad ("several thousand Afghan rebels are being systematically armed and trained in Pakistani camps"). This arming and fomenting was foreign intervention in Afghan affairs; it was nothing less than aggression. Gromyko, the Soviet foreign minister, said in Paris in April 1980 that the USSR would not consider withdrawing its troops from Afghanistan until that aggression had ended. In June, he repeated this declaration in Moscow, during a visit there by the Indian foreign minister, who had come to explore the possibility of bringing into being a genuinely free and nonaligned Afghanistan, but with guarantees for Soviet security. According to Gromyko, it was unrealistic and a waste of time and energy to expect a Soviet withdrawal before ending the "aggression."

Thus, the Soviets will not contemplate handing back Afghanistan except to a solidly established Communist regime; while the *mujahideen,* for their part, will never willingly consent



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to live under one. As a shrewd and thoughtful Pakistani official wrote in a recent report, "The Soviets can continue to occupy the country, but they cannot win over the people. The longer they stay, the more they alienate the people. The more they alienate the people, the longer they must stay. This Russian dilemma is also the Afghan dilemma, and both seem condemned to suffer its consequences."

## III

Much of Afghanistan is mountainous terrain where movement is necessarily on foot or by mule. The population, deeply fragmented into a multitude of tribes, subtribes, and clans, is as a whole proud, greedy, backward, fervently Muslim, and intensely warlike. They have never in their entire history been subdued or united into a single nation in the commonly accepted sense of that word, whether by foreign invaders or their own Afghan kings. As one commentator has said, few regions of the world have been subjected to so many raids and invasions, yet few peoples have been so impervious to them. Very few others have guarded their identity with such stubbornness. Nearly all the countries of Asia came under colonial rule, but Afghanistan remained master of itself. It suffered neither the traumatic experience of being ruled by Europeans, nor the modernizing consequences of colonialism. Thus, its political character has to this day remained obstinate, defiant, inward-looking, unconsciously hostile to all foreigners.

Imperial Britain fought three wars — one lost, between 1838 and 1842; one won, between 1878 and 1880; and one drawn, in 1919 — to establish and maintain political control in Afghanistan, and to preserve the country as a buffer state between the British Raj in India and the expanding Russian Empire in Central Asia. Even so, the Afghan monarchy in Kabul was never more than shaky. Its hold on the large and divided tribal areas of the country was fitful and disputed. An earlier tribal rebellion overthrew King Amanullah and his regime in 1929, bringing to an abrupt end the extensive program of modernizing reforms that he had sought to introduce. In a sense, what we are now witnessing is another tribal and religious revolt designed to repudiate and destroy the godless influences that overthrew Daud.

It was the British themselves, after the Second Afghan War, who drew Afghanistan's border with British India. Today, it is the frontier between Afghanistan and Pakistan, the latter country



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having emerged as one of the two successor states to which Britain, in August 1947, transferred its power in the subcontinent. (The other, India, has no border with Afghanistan.) At a few recognized main-road crossing points, such as Chaman, northwest of Quetta, and Torkham, where the northern end of the Khyber Pass debouches into more open country, there are customs barriers and sentries. Otherwise, the frontier is not continuously guarded or even patrolled. For long stretches it has little reality on the ground, lying astride tribal territory where the writ of neither government rules. The different Pathan tribes straddle the border and ignore its existence, moving freely from one mountainous, "no go" area to another. In these areas, outsiders (whether civil or military) from the plains enter at their own peril. The real dividing line between the two countries is that long belt of lawless and wholly undeveloped mountain terrain through which the frontier runs. The frontier itself, for the most part, is only a line on the map.

## IV

Since they took over in 1947, the Pakistanis have kept the tribes on their side of the border under judicious and delicately exercised control, mostly through lavish gifts of money to the tribal leaders, but also through the skill and tact of their political officers, whose task it is to maintain contact with those leaders. The British, too, developed over the years considerable skill in handling the tribes. Unlike the Pakistanis, however, the British were infidels, with whom there could be no lasting friendship. Though the British also made use of subsidies, it was the belief of successive viceroys and commanders-in-chief that to maintain a reasonable degree of control over the tribes it was necessary from time to time to assert British authority by force. Hence the long series of British wars and punitive expeditions against the Wazirs, the Mohmands, the Mahsuds, the Afridis, and many other contumacious Pathan tribes along the northwestern frontier of British India. These expeditions were usually made in brigade strength, using mountain artillery. The procedure was to march up a valley (having taken care to establish pickets along the tops of the ridges on either side); proceed to the village or villages at its head, which the occupants would have prudently abandoned; and to burn these and march away — often without encountering the enemy face to face except in petty skirmishes from hilltop to hilltop, but under the constant harassment of accurate rifle fire from concealed tribal snipers.



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From the later 1920s onward, air power was used increasingly as a cheaper and no less effective alternative to these infantry expeditions. The Royal Air Force became skillful at demolishing tribal villages; but in those gentler days it was the practice to drop a written warning some hours in advance of the attack, thus enabling the inhabitants to watch the destruction of their homes from the safety of the surrounding hills. The intention of both types of operation was not to take over tribal territory, still less to annihilate the people who lived in it, but rather to bring home the message that for a given tribe to cross a particular threshold of misbehavior (for example, by raiding into the plains) would entail unpleasant and (in tribal terms) expensive consequences.

Before invading Afghanistan and assuming the brunt of the fighting against the *mujahideen,* the Soviet army had not had to meet a sustained test under fire since 1945. They arrived with their heavy tanks, only to discover that the terrain of Afghanistan is mostly unsuitable for heavy vehicles, whether tracked or wheeled. The Soviets, however, possess and are now freely using a range of light armored vehicles of superior quality. The most effective weapon is the MI-24 helicopter gunship, which is being used both to attack groups of *mujahideen* in the open and to carry out punitive attacks on villages. The Afghan refugees whom I met last March made a most eloquent plea — as they do to all Western visitors — for the *mujahideen* to be provided with ground-to-air, shoulder-held missile launchers to defend themselves against the Soviet gunships. But only a trickle of arms of any kind seems to be reaching them. To a great extent, they must rely on whatever weapons they can capture (or receive along with Afghan army defectors) and on their traditional tribal weapon, the rifle (often a British Lee Enfield, either genuine or locally copied). In these circumstances, the *mujahideen* avoid any large-scale pitched battles with the Soviets. Instead, they have been making use of such classic guerrilla tactics as ambushes; hit-and-run attacks on Soviet camps, airfields, and depots; interference with communications by demolishing bridges and culverts; and selective assassinations.

In World War II, these tactics were used to good effect against the Germans by the Norwegian resistance and the Yugoslav partisans. In both of those countries, the mountain areas were never fully brought under the German army's control, even though it held all the cities and towns and kept open the roads between them. In Afghanistan, the situation of the Soviet army is in some ways similar; for example, though immensely powerful, the Soviets



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find it hard to deploy their strength quickly enough to meet the *mujahideen's* dispersed and unpredictable attacks. Still, the Soviet army has more effective weapons than the Germans had (notably the gunship) — and, unlike the Norwegian resistance and the Yugoslav partisans, the *mujahideen* lack any unifying leadership and, hence, cannot properly coordinate their attacks. (Their disunity has also prevented them from forming any kind of government-in-exile). On the other hand, since they lack a single head, they cannot be defeated by a single stroke. It follows that if the Soviets are to win a decisive military victory, they face the formidable task of mopping up the *mujahideen* piecemeal, each clan and subtribe fightly fiercely and persistently in its own area.

## V

Given the Afghan character, it seems unlikely that Soviet troops will be able in the foreseeable future to snuff out the flame of resistance completely, however hard they might try. Nonetheless, the Soviets are both more numerous and vastly better equipped than the *mujahideen*. If, as hitherto, the latter continue not to receive any serious external help in the way of weapons and supplies, it is difficult to see how even such indomitable fighters can keep up large-scale resistance indefinitely, provided that the Soviets for their part maintain their will to prevail.

Meanwhile, the Soviet army is preparing for a long stay in Afghanistan. They are building a large logistics base at Pol-e-Khomri, a hundred miles north of Kabul, including concrete underground storage for ammunition and fuel. Permanent bases for Soviet helicopters and gunships are being built at Ghazni and Jalalabad. Maintenance facilities for gunships are being expanded at Kabul Airport and at Bagram, north of Kabul.

Will the USSR in fact maintain its will to prevail? So far, there has been scant sign of any weakening. Indeed, the indications are that the Soviets' resolve to work out the Afghan problem on their own terms is as strong as ever. The Empire is fighting a colonial war, and means to win it — if only because empires that lose such wars do not for long remain empires. It is probable that in the long run the Soviets can win their colonial war, in the sense of reducing the frequency and severity of tribal attacks to the level of a nuisance rather than a threat.

What to do with Afghanistan after that, however, will be a problem. A large, permanent Soviet garrison will be required. Even



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then, Afghanistan is likely to prove a difficult country to occupy, and an even more difficult one to administer against its will. Would the Soviets perhaps settle in the end for a Finland-type solution; that is, one in which they give up the attempt to impose a Communist regime on Afghanistan, but are given guarantees that the country cannot be used to threaten the USSR? This is one conceivable outcome — and probably the most favorable one that the West can hope for, unless we soon start arming the *mujahideen*.



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# FRANCE AND ARMS FOR THE ATLANTIC ALLIANCE: THE STANDARDIZATION-INTEROPERABILITY PROBLEM*

by Elliot R. Goodman

Surely it is absurd to believe that the Atlantic Alliance, which represents nearly 200,000,000 more people than the Warsaw Pact and whose GNPs total 235 per cent more than those of the East, could still find itself in an inferior military position. It is, indeed, absurd; it is also true.

Why this is so can be explained, in part, by the greater sacrifices that the Eastern dictatorships can exact from their populations in order to build huge military establishments that the Western democracies, at least in peacetime, find intolerable. The Soviet Union, for example, has an industrial base half the size of that of the United States, and, yet, as a 1979 U.S. Defense Department document notes, "the Central Intelligence Agency estimates that the Soviet Union's overall defense expenditures exceed those of the U.S. by 25 to 45 per cent." Even more telling is the fact that where defense spending has the greatest impact — namely, in military investment — the disparity is worse. For the Soviet Union, "that portion of defense concerned with the research, development and acquisition of weapon systems is about 75 per cent greater, since the Soviets devote a much smaller portion of their defense budget to salaries and pensions for military personnel."[1]

While the United States is now spending less than the Soviet Union on defense, America's allies spend considerably more than the Soviets' East European satellites, so that collectively the total figures for each side turn out to be very nearly the same. Yet

* This article was published in French in the Summer 1980 issue of *Politique Internationale* (4, rue Cambon–75001 Paris).

[1] Statement by Undersecretary of Defense William J. Perry to the U.S. Congress, *The FY 1980 Department of Defense Program for Research, Development and Acquisition*, February 1, 1979, p. I-3.

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the results of equal spending are not equal. In the European theater, the Warsaw Pact fields three times as many tanks as the West, to take but one glaring example. Simply put, the Warsaw Pact gets much more for its money, in large part because it has procured standardized equipment that is mass-produced at lower unit cost and with longer "learning curves" than is possible in the West, where nonstandardized arms and equipment are produced inefficiently, with shorter production runs at higher unit cost and with curtailed "learning curves." Standardized arms also enhance the operational effectiveness of allied forces by permitting a flexibility that simply is not possible with items of different and incompatible national designs.

The Atlantic Alliance used to comfort itself with the thought that all such disadvantages were offset by Western qualitative superiority. Current trends should put such complacency to rest. The United States spends more than $12 billion annually for defense research and development, and the rest of the alliance spends another $4-5 billion, for a combined total of about $16-17 billion on military R&D. In comparison, the Warsaw Pact nations spend some $18 billion annually on military R&D, and they spend that money more efficiently than the West, which dissipates its funds on unnecessary duplication of overlapping and competing national programs. This waste and inefficiency is especially severe in Western Europe. Compared with U.S. expenditures on R&D, European funds are disproportionately low, and even these amounts are often spent in an uncoordinated, fragmented manner. For the alliance as a whole, the result is nowhere near $17 billion of useful R&D.[2] The former chairman of the NATO Military Committee, Admiral of the Fleet Sir Peter Hill-Norton, has estimated that the Warsaw Pact is, in *effect,* spending "twice as much as the whole of NATO on research and development," and thus "is closing the technological gap on which we have hitherto relied to redress our almost inevitable numerical inferiority."[3] In other words, we are now facing the melancholy prospect that quantity may no longer be offset by quality.

It has become a truism in the West that defense funds must be stretched as far as possible by sharply reducing sheer waste in duplicated effort and misallocated resources. Both for financial and for military reasons, it is necessary to achieve the

[2] Ibid., p. I-17; Report to the U.S. Congress by the Secretary of Defense, *Rationalization/Standardization Within NATO, Fifth Report,* January 1979, p. 57.

[3] *New Directions for NATO: Aviation Week & Space Technology Conference,* Brussels, June 26-27, 1978, p. 11.



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economies of scale that are possible on an alliancewide basis and to create truly effective, collective military forces. This just cannot be done without progressive standardization of allied arms and equipment or, where this is impossible, at least a reduction of the chaos in alliance arms and equipment by making them interoperable. It is this problem, and the French attitude toward it, that is the concern of this article.

**Interoperability, Yes; Standardization, No?**

Unfortunately, the terms "standardization" and "interoperability" are often used in a confusing manner, even by NATO officials.[4] For clarity, I will use these definitions:

*Standardization:* where arms and equipment are built to common standards or common specifications.

*Interoperability:* where arms and equipment that are dissimilar or incompatible are made to work together or operate with each other (with varying degrees of success) by means of adaptive devices, or "interfaces."

The two ideas are, of course, related in that interoperability may be considered as a lower and less efficient stage of standardization. Still, the differences are important to keep in mind. Standardization provides simple solutions to the problems of allied military operations because standardized arms and equipment can be used effectively *as is* by the alliance members; interoperability requires a postproduction effort to adapt for common use items that were not originally designed to work together. "Interoperability," in the view of the U.S. Comptroller General, "will not produce savings in defense expenditures of the magnitude anticipated from standardizing on common systems, nor will it provide the same degree of improvement in combat capability."[5]

In 1975, the United States proposed that the North Atlantic Council (in which France has continued to participate) create an *ad hoc* committee to consider the problems of standardization in the Atlantic Alliance. At the December 1975 ministerial

[4] Consider, for example, these statements by NATO Assistant Secretary-General John B. Walsh: "In official NATO parlance, 'standardization' refers to degrees of similarity covering a range from identity (or commonality) through interoperability to compatibility." (*NATO Review*, October 1978, pp. 8-9.) "Most people use standardization in the sense of commonality, but that is only one meaning. Another important form of standardization is interoperability." (*New Directions for NATO*, p. 80.) Such usage so blurs the meanings of these terms that it denies the existence of the problem with which we are concerned.

[5] Report to the Congress by the Comptroller General of the United States, *Standardization in NATO: Improving the Effectiveness and Economy of Mutual Defense Efforts*, January 19, 1978, p. 11.



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meeting of the North Atlantic Council, the French State Secretary for Foreign Affairs Destremau announced that France would be willing to take part in such a study, but only if "interoperability" were substituted for "standardization." British Secretary of State for Foreign Affairs James Callaghan, among others, expressed amazement at the suggestion that standardization should thus have to be cast aside, but the more modest objective was accepted as the price for French participation.[6] Consequently, the official communiqué stated that the foreign ministers "agreed to form for a limited time an Ad Hoc Committee under the Council to prepare a specific program of action covering the interoperability of military equipment."[7]

When the Assembly of Western European Union (WEU) held a symposium on European armaments policy in March 1977, the chief French spokesman, Deputy Delegate General for Armaments General Marc Cauchie, affirmed: "Whereas some of our partners swear by 'standardization,' we in France think that, if we care to operate together, our equipment has to be 'interoperable,' and we prefer to lay the main emphasis on 'interoperability.' "[8] This idea was put somewhat more forcefully in the WEU Assembly's debates in June 1977, when the Gaullist deputy Jean Valleix said that one must not aim at "standardization which is remote, difficult and ambiguous, in place of the imperative need for interoperability, which is obvious, rational and urgent."[9] Valleix amplified this position at some length in the Assembly debates of November 1978.[10] The following month, de Beauchene, a member of the French Ministry of Defense, affirmed that France had greeted American proposals for standardization "with reserve and some scepticism." He continued: "With standardization, as with everything else, it was possible to have too much of a good thing. . . . The most immediate concern of the Alliance was that the allied forces should be able to fight effectively side by side. This implied that they should be able to communicate with each other and draw supplies from any stockpile and that munitions should be interoperable."[11]

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[6] *Atlantic News*, no. 785, December 12, 1975, p. 2.

[7] North Atlantic Council, "Final Communiqué, December 11-12, 1975," *NATO Review*, February 1976, p. 24.

[8] Assembly of Western European Union, *A European Armaments Policy Symposium*, Paris, March 3-4, 1977, p. 22.

[9] Assembly of Western European Union, "Minutes, Official Report of Debates," *Proceedings*, June 1977, p. 77.

[10] Ibid., November 1978, pp. 167-168, 172-174.

[11] North Atlantic Assembly, *Meeting of the Subcommittee on Defense Cooperation*, Paris, December 4-5, 1978, pp. 7-8.



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The French position was thus rather clearly embedded in the Gaullist tradition of national independence, which applied most strongly in matters of defense. Hence, the French sought to preserve the distinctive national character of their military product by saying Interoperability, Yes; Standardization, No. While other members of the alliance have similar vested national interests that cause them to share this sentiment to some degree, France has been more explicit and persistent than any of its allies. It is, of course, unrealistic and unjustified to expect that everything be standardized within the alliance; but, conversely, it would seem equally irrational to reject the idea of standardization solely on principle.

The first public modification of the French position appeared in a May 1979 report drawn up by Valleix for presentation to the WEU Assembly. One of its draft recommendations calls for "the immediate need to conclude an agreement on programs for the production of military equipment to be interoperable by the end of the century or *standardized wherever possible*."[12] Apparently relying upon the expert testimony of General Brindeau, to the effect that munitions should be standardized, Valleix deplored "the lack of standardization of munitions used in large quantities." Yet, he still referred only to "the lack of adequate interoperability between communications systems of each member of the Alliance," and he still favored reliance upon interoperability to solve the problems of cross-servicing other military equipment, such as aircraft. "Interoperability and some degree of standardization are therefore an absolute minimum necessity for the armies of allied countries which may one day have to stand side by side."[13] The French posture would seem to be shifting toward Interoperability, Yes; Standardization, Maybe, though the French preference for interoperability is still apparent. The French rationale for support of interoperability his military, economic, and political dimensions, each of which we shall briefly examine.

### The Military Argument

In his address to the first WEU arms symposium, General Cauchie elaborated the argument for rejecting standardization on military grounds: "The greatly-reduced number of models included in the allied armies' inventories [should standardization take

[12] Assembly of Western European Union, *The Industrial Bases of European Security* (Jean Valleix, *rapporteur*), Document 805, May 21, 1979, p. 2. (Emphasis added.)
[13] Ibid., pp. 6, 18.



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place] enormously facilitates the adversary's task by simplifying his own problems in finding countermeasures, whereas if he had to face the threat of interoperable but different equipments he would have to think up a whole host of countermeasures."[14] The Gaullist deputy Claude Roux echoed this view in a debate at a plenary session of the North Atlantic Assembly: "A potential adversary would find it more difficult to make a precise assessment of the Alliance's capabilities, and countermeasures would be more difficult than against a small number of standardized weapons."[15] Other French spokesmen have repeated this idea on various occasions.

Undoubtedly, the inventories of the armed forces of the Atlantic Alliance form a bewildering array of nonstandardized arms and equipment, but the essential question is, For which side is this a nightmare, the East or the West? If the French were right, the Warsaw Pact would be put at an enormous disadvantage by the lack of standardization in the West. In this case, however, that which creates complications for NATO's adversaries also makes it difficult (indeed, sometimes impossible) for the Western allies to operate effectively together.

## Why the Allies Can't Communicate

The problems created by nonstandardization are perhaps best illustrated in the vital area of military communications. A 1976 U.S. Defense Department document relates one difficulty: "The tactical communications equipment used by land, sea and air forces of various NATO nations in some cases cannot directly communicate with the corresponding equipment used by other NATO nations due to differences in frequencies, modulation schemes, data rates or encryption schemes."[16]

In an effort to alleviate this difficulty, the allies agreed to create special electronic interface boxes "for selected special communications units, in order to achieve a limited degree of interoperability."[17] Such "black boxes" were subsequently built in accordance with NATO standardization agreements (STANAGs), and some interoperability has been achieved. Formidable difficulties remain, however. To be sure, one difficulty, endemic to efforts to

[14] Assembly of Western European Union, *A European Armaments Policy Symposium*, p. 22.
[15] North Atlantic Assembly, *Twenty-third Annual Session: Official Report of the Third Sitting*, Paris, September 23, 1977, p. 11.
[16] Report to the U.S. Congress by the Secretary of Defense, *Rationalization/Standardization Within NATO, Second Report*, January 1976, p. 33.
[17] Ibid.



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achieve standardization, arises from the dynamics of changing technology, which complicates the problem of settling on standardized items. But standardization becomes completely beyond reach when each nation insists, for nationalist motives, upon using its own unique equipment.

One essential requirement of military communications is that they be secure, but the interface units, which make different national communications equipment interoperable, can compromise secure communications. Each of the allies has its own "crypto system" for secure communications among units of its own national force, but the various national crypto systems are incompatible, resulting in a loss of security when the different allied nations try to communicate with each other through the black boxes. If all allied nations used standardized crypto systems, however, they would be able to talk to one another in a secure mode. The same security deficiency also existed between the various national units and NATO headquarters and other NATO commands. This problem has been solved through the medium of telegraphic record traffic by plugging the various national systems into agreed or common NATO cryptographic equipment. That is, security was achieved in this limited area by restoring the use of a standardized cryptographic logic. The United States has proposed that the entire alliance adopt common cryptographic logic in order to establish secure communications by the 1980-1985 period.[18]

Meanwhile, the United States has offered for alliancewide use various communications systems, many parts of which would be manufactured under license in Europe. Since they would be built to common specifications, the effect would be standardized equipment providing secure, jam-resistant communications for all users. The U.S. offer includes the Joint Tactical Information Distribution System (JTIDS), which is an important joint services program using modern communications technology,[19] and VINSON, a new secure voice system, which could also in large measure be co-produced in Europe.[20] So far, NATO has accepted a U.S. offer for use of American command, control, and communications (C-3) facilities by NATO's Supreme Allied Commander, Atlantic

[18] Report to the U.S. Congress by the Secretary of Defense, *Rationalization/Standardization Within NATO, Third Report*, January 1977, p. 33.

[19] *Rationalization/Standardization, Fifth Report*, p. 18; *The FY 1980 Department of Defense Program for Research, Development and Acquisition*, February 1, 1979, pp. VII-80–VII-81.

[20] *Rationalization/Standardization, Fifth Report*, p. 27.



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(SACLANT). Thus, NATO will enjoy a single, secure, standardized maritime C-3 system.[21]

In order to avoid the need for interface devices, the United States is working with its European allies in Eurocom, the communications section of the Eurogroup (of which France is not a member), to build digital communications systems to common standards and specifications. Since France stands apart, however, "an interoperability problem with the French 'RITA' digital communications system will remain since that system differs from the U.S. or Eurocom systems in fundamental technical parameters."[22] Presumably, RITA will someday be made interoperable by the use of specially designed black boxes, but the problem of trying to make RITA communications with the allies secure has not even been considered yet. That the French system has incompatible characteristics creates extra complications, to put it mildly.

U.S.-Eurocom negotiations are also under way for the early ratification of standardization agreements regarding common, multichannel, comprehensive systems that transmit messages, data, and voice communications. The aim of these negotiations is to ensure that Eurocom equipment and the U.S. Joint Tactical Communications Program (TRI-TAC) will be built to common specifications in order to achieve a secure, standardized allied solution.[23] One question remains, however: How will France, which is not a member of Eurocom, fit into this arrangement?

These solutions to communications problems show that different methods can be used to achieve standardization. In the case of combat radio networks, according to Ambassador Robert Komer, who was speaking as special adviser on NATO affairs to the U.S. secretary of defense, the only effective method is to begin with standardized systems:

> It is highly desirable for tactical unit radio nets of one ally to be able to tie into not only their own tactical trunk communications network but also those of other allies to gain flexibility of force employment. Unless the Single Channel Radio Access points which would achieve this tie-in are cooperatively developed, the practical problems in designing interoperability into multiple national systems are so enormous as to make this impracticable. . . . We have to aim for something very close to standardization of a system in the first instance.[24]

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[21] *Rationalization/Standardization, Third Report*, p. 41; *The FY 1980 Department of Defense Program for Research, Development and Acquisition*, p. VIII-11.

[22] *Rationalization/Standardization, Fifth Report*, p. 26.

[23] Ibid. p. 26; *The FY 1980 Department of Defense Program for Research, Development and Acquisition*, pp. VII-89–VII-90.

[24] Statement of Ambassador Robert Komer, June 14, 1978, in *Hearings* before



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Some hold that the word "impracticable" may be a bit strong; and, indeed, NATO communications experts are still stubbornly trying to introduce satisfactory interoperability. Everyone concerned with the problem, however, recognizes that standardization would be infinitely easier, cheaper, and more efficient. The NATO defense ministers have in fact "agreed that all new combat net radio equipment introduced after 1985 should be designed to common specifications or at least to common standards."[25]

Even when nonstandardized communications systems have been rendered interoperable, the solutions are far from satisfactory. The NATO commander, Allied Air Force, Central Europe, General William J. Evans, has explained how dependence on interoperable communications can slow down decisionmaking: "We have worked out as much as we can the interoperability of the different types of communications that the national authorities have fielded. However, the speed of the NATO communications is slow. To interface with some of our higher speed U.S. systems, we have to go through torn tape centers . . . we have to tear the message off the U.S. system and manually insert it into the slower NATO system."[26] In a similar vein, the NATO commander, Central Army Group, General George S. Blanchard, complained that "nonstandard interoperable equipment causes loss of time, difficulty of control of maneuver forces, difficulty of exchange of information and mutual fire support."[27]

It is also far from certain that interface units will be used effectively. To communicate freely through them, every allied nation would have to put these devices on all its switches and then link all the switches together by installing transmission and reception capabilities. But will such full interoperability be the likely result? Since some national authorities may decide to equip their communication systems with the interface devices at some, but not all, command levels, it is possible that the levels at which they would be installed might differ from nation to nation. Moreover, while the agreement governing these devices might provide for eight channels, each nation could decide to spend the money on only one or two channels, and the channels chosen could also

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the Special Subcommittee on NATO Standardization, Interoperability and Readiness, Committee on Armed Services, U.S. House (Washington: GPO, 1979), p. 510.

[25] Secretary of Defense Harold Brown, *Department of Defense Annual Report, Fiscal Year 1980*, p. 249.

[26] *Hearings* before a subcommittee of the Committee on Government Operations, U.S. House, November 10, 1977 (Washington: GPO, 1978), p. 12.

[27] Ibid., p. 7.



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vary from nation to nation. Thus, in times of crisis, when communications must work efficiently in unpredictable circumstances, there may well be a critical breakdown in the ability of the allied forces to talk to one another.

In addition, interfaces are awkward to operate because they connect national systems that have incompatible electronic-signal levels and message formats, different meanings for terms and symbols, and so on. These interfaces, therefore, must be staffed through exchanges among national teams of communications experts. Moreover, as General John W. Vogt, former NATO air commander, Central Europe, points out, other severe problems can emerge: "microwave systems deployed side by side at major communications sites are often incapable of supporting each other because of component incompatibility. If one system should break down and be cut off from vital parts supplies, the other could offer no effective repair assistance."[28] If, for example, an American liaison team serving with a neighboring German unit did not carry along its own logistical support, equipment maintenance would be impossible. (The problem of cross-servicing nonstandardized items applies to all types of arms and equipment.) Moreover, manpower training and the means to maintain the interface devices in good working order may vary widely from one nation to another, adding yet another element of unreliability. All this, of course, involves additional expense to the cost of creating and installing the devices in the first place. These costs and difficulties, which are inherent in making equipment interoperable, are cumulatively very great and could be avoided if equipment were standardized.

The most shocking deficiency in allied communications is undoubtedly the inability to provide a workable system for identifying friend or foe (IFF). The revelation by a high-ranking NATO official in 1975 that NATO forces had theoretically shot down more than 50 per cent of its own aircraft in military manuevers owing to faulty IFF is by now well known.[29] What is not so well known is that this experience has been repeated in several subsequent exercises, and that a dependable IFF system still does not exist. The speed and precision of the response required to deal with modern aircraft simply cannot be accommodated by trying to make interoperable different or incompatible encryption schemes and

[28] "Improving NATO Force Capabilities," *Atlantic Community Quarterly*, Summer 1977, p. 188.

[29] Assistant Secretary-General for NATO Defense Support Gardiner L. Tucker, "Standardization and the Joint Defense," *NATO Review*, January 1975, p. 12.



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electronic signatures, or by using different frequencies and modulation schemes. Only if the allies build their IFF equipment to common standards and specifications and adopt common procedures can they hope to avoid the accidents that, under present conditions, are inevitable. To be sure, the Conference of National Armament Directors (CNAD), of which France is a member, has a working group engaged in "the formulation of a NATO-wide architecture" for the "development of a future identification system that will overcome shortcomings of the present IFF systems." Critical technologies from Britain, Germany, and France "are being contributed to the project as a result of European developments." Since this long-range solution will not be available until the late 1980s or 1990s, however, the United States has offered for NATO use its own IFF system, itself due to be replaced, purely as an interim measure.[30] The conclusion to be drawn here is eminently clear: interoperability is simply not good enough; standardization is imperative.

## Planned Redundancy vs. Unnecessary Duplication

If the interoperability approach has proved in many instances to be seriously flawed, how then — to return to the original French critique — does one answer the objection that standardization simplifies the adversary's task of devising countermeasures to NATO's arms and equipment? Such objections reflect a misunderstanding of what standardization means. The aim of standardization has always been to increase the efficiency of the allied forces and to avoid the waste of money and talent that, in the past, has resulted from the *unnecessary* duplication of research, development, and procurement of arms and equipment. This does not mean, however, that every item should have a single model. If, for example, the alliance needs five or six different types of combat aircraft in order to carry out different missions, then it should have five or six different aircraft — each a standardized model — rather than the more than thirty different nonstandardized models it now fields.[31] In short, planned duplication instead of unnecessary duplication.

Planned redundancy is indeed crucial to allied communications. Yet, despite the enormous duplication of allied communications equipment, no useful redundancy exists. As General Vogt has observed, "The planned redundancy that exists in the Soviet

[30] *Rationalization/Standardization, Fifth Report*, pp. 18, 34.

[31] Admiral of the Fleet Sir Peter Hill-Norton, *No Soft Options* (London: C. Hurst, 1978), p. 119.



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communications systems — which provides a greater chance of assured communications in time of war — is sorely lacking in the NATO systems."[32] To meet the need for purposeful redundancy, the alliance is building the NATO Integrated Communications System (NICS), which in Stage II "will be redundant for survivability, will have facilities in all NATO nations [including France], and will be centrally managed and controlled by NATO international personnel."[33] The difficulty is time: the first phase will be completed by about 1981, but Stage II is not likely to be finished until about 1995! NICS will afford planned redundancy because the system is being designed in common to standard specifications. The same principle can be applied to the various modalities of communication, each of which could thus be made secure and jam-resistant. At least a half-dozen possible redundant modalties are available: microwave or radio relay, cable and wire (both land and sea lines), fiber optic, laser, satellite, and tropospheric scatter. The real limitations, then, are not technical, but political.

This does not imply that technology presents no difficulties. The tangle of allied communications systems arises, in part, from the different technologies and the different levels of technology employed by the allies, often with different schedules for modernization and replacement. Since lead times for developing new, standardized systems are long, immediate progress will be confined to segments of equipment, with comprehensive standardization arriving only in the mid-1990s. The root cause of the difficulty, however, is not technology; rather, it is the national egoisms that spawned the separate systems without regard to how they might affect other allies, or the alliance as a whole. Only an exertion of political will at the highest levels will be able to undo this damage and to sustain the effort for the coordinated development of fully compatible systems.

## Missiles and Ammunition

Much the same logic applies to such expendable military items as missiles and ammunition. As previously noted, some French analysts have recently acknowledged the need for standardization of munitions used in large quantities. Missiles, in particular, are sophisticated weapons; and, as is the case with all sophisticated arms and equipment, the more sophisticated they are,

[32] "Improving NATO Force Capabilities," p. 188.
[33] *Rationalization/Standardization, Fifth Report*, pp. 24-25.



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the more difficult it is to render them interoperable. The various missiles of the allies are in many cases configured differently, have different launchers, different electronic packaging, and different fire-control equipment — all of which makes the task of rendering the missiles interoperable an extremely onerous (if not impossible) one.

The problem of making ammunition interoperable is somewhat easier, precisely because less sophistication of manufacture is involved. But difficulties still abound. As U.S. Senator John Culver has pointed out, the alliance has "numerous guns of different calibers and some of the same caliber that cannot fire the same ammunition."[34] Some allied ammunition is of the same caliber but with different cartridge cases, and cannons with unique breach and chamber mechanisms cannot accept allied shells of the right caliber. Some of the problems involved in making ammunition interoperable can be overcome, but a great deal of government-to-government and industry-to-industry cooperation would be required. Given all the details that must be worked out, it would most certainly be easier (and, in cases of emergency, safer) to use standardized munitions, avoiding all these needless complications. After investigating the industrial aspects of allied arms collaboration, the Subcommittee on Defense Cooperation of the North Atlantic Assembly concluded that "it would be a mistake to concentrate on interoperability at the expense of standardization. It is important to realize that obtaining interoperability for missiles and ammunition is far more difficult than commonly supposed."[35]

## More Logistics, Less Defense

The heavy burden of logistical support required to keep the various allied forces supplied with nonstandardized items is generally not recognized, and since logistics consume an enormous amount of scarce resources, the potential for savings in this area is great. For American forces alone, according to a U.S. government report, "about 30 per cent of the U.S. defense budget is devoted to some type of logistical operation, which is about half again as much as is spent on development and procurement of weapons and equipment." Also, since each armed force in the alliance must drag its own logistical tail behind it, "logistical operations use a

[34] Quoted in Kenneth Bacon and Alan Otten, "NATO Bids to Bolster Coordination of Arms to Increase Efficiency," *Wall Street Journal*, February 5, 1979.

[35] North Atlantic Assembly, *Activities of the Subcommittee on Defense Cooperation* (A. Hamilton McDonald, *rapporteur*), November 1978, p. 19



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large amount of manpower, which is presently the largest single expense in major NATO nations' military budgets. The present NATO ratio of personnel in support functions to those in combat roles is 2:1 while the Warsaw Pact as a 1:1 ratio." This disparity can be largely accounted for by "the high degree of standardization in Warsaw Pact forces."[36] No wonder the Warsaw Pact can field larger and more effective combat forces than the Atlantic Alliance, and without spending any more money on them.

The lack of common logistics seriously degrades operational capabilities. In the Allied Command Europe Mobile Force, which is the showpiece of allied cooperation in Europe, each of the seven participating NATO nations must maintain its own logistical personnel and support system. The commander of this combined force has determined that if his troops used standardized arms and equipment, he could cut his logistical personnel and airlift requirements in half and make them combat ready in half the time, as well.[37]

Can interoperability ease the logistical burden caused by nonstandardized arms and equipment? The answer is a resounding no. A report of the WEU Assembly's Committee on Defense Questions and Armaments warns:

> Non-standardized but interoperable equipment could not, in the event of damage, be repaired and supplied with spare parts in all allied countries using different types of weapons, unless those countries held stocks of spare parts, special tools, and, in many cases, had specially trained personnel. Interoperable but non-standardized equipment would therefore become rapidly unusable as a result of minor damage in situations where equipment was dependent on an allied country's supply and maintenance facilities.[38]

Nor would interoperability produce savings in valuable allied resources. Given standardization of allied arms and equipment, "consolidating NATO logistical operations could potentially [*sic*] eliminate redundant support facilities and overhead, reduce [i.e., release] manpower needed to support combat forces, and lower overall stock levels through merging supplies."[39] In short, on purely

[36] *Standardization in NATO,* p. 9. Some observers have noted other factors that reduce the need for logistical-support manpower in the Warsaw Pact, such as the practice of expropriating goods and services from the civilian economies in which Pact forces operate. Moreover, the United States has structured its forces for greater "sustainability," since they must fight 3,000 miles from home and are planning for a longer war than Pact forces.

[37] Tucker, "Standardization and the Joint Defense," pp. 11-12.

[38] Assembly of Western European Union, *A European Armaments Policy* (Julian Critchley, *rapporteur*), Document 786, October 31, 1978, p. 6.

[39] *Standardization in NATO,* p. 9.



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military grounds, interoperability is simply not an adequate substitute for standardization.

### The Economic Argument

To the French, standardization would lead to the demise of Europe's industrial capacity. As General Cauchie explained:

> Allocation under standardization of very long production runs for some firms, and the elimination that this involves for other firms in the sector, would rapidly bring about in Europe a *de facto* specialization of industries or countries. . . . Tanks being manufactured in Germany, ships in Britain, aircraft in France, missiles in Italy, electronics in the Netherlands, small arms in Belgium . . . everyone making best use of his abilities in his own particular field. But quite apart from the serious impact such a solution might have on the labor market, most European countries are to my mind not yet politically prepared for such relinquishments of sovereignty in the vital defense area. Furthermore, such specialization would in the long run have serious financial drawbacks, for it would lead to quasi-monopolistic positions for the manufacturers of the "standardized" units.[40]

This is not the concept of standardization, but a caricature of it. No serious advocate of standardization in America (nor, I suspect, in Europe) would reduce standardization to such specialization and monopoly.

Standardization is simply the production of military items to common standards or specifications. Though some specialization would naturally occur, as it does with all products in modern industrial society, this need not lead to the obliteration of entire national military capabilities. If the alliance were actively to pursue standardization, no doubt the European arms industries would undergo a great deal of change, but they would continue to be needed. In order to turn out standardized arms and equipment, the European arms industries would have to be aggregated, reorganized, and coordinated. They would then produce armaments in a more efficient manner through long production runs at lower unit cost and thus be able to produce cost-effective items that, if standardized for use by the entire alliance, would also be attractive to American buyers. Such a cooperative restructuring of the European arms industry might even extend the production base of different military items (and their components) to European countries that today are only marginally involved in such production. The

[40] Assembly of Western European Union, *A European Armaments Policy Symposium*, pp. 22-23.



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parts for standardized aircraft and missiles, for example, might be manufactured in a number of European countries, subassembly plants also being located in different nations, instead of having aircraft made only in France, or missiles only in Italy. Moreover, rather than leading to shrinking employment, the possibility of selling across an alliancewide market might sustain an *increase* of jobs throughout Europe.

Interoperability, by way of contrast, is a dead-end street, since it involves production for small, generally national markets. How could France sell to the vast American market if the United States could not use (or could use only with great difficulty) what France produces. France needs to sell not only to Europe but to America, as well, and only standardization can provide this alliance-wide market. Incidentally, it is frequently overlooked that the original sale of equipment is not the only economic benefit, since the seller will also become the supplier of spare parts and services. These activities are very lucrative and can furnish continued employment for years to come.

European in general, but the French in particular, continue to charge that the American market remains closed to them by virtue of the Buy American Act. Jean Valleix, for example, in his report *The Industrial Bases of European Security,* presented to the WEU Assembly in May 1979, complains of "the impact of the Buy American Act" and adds: "The policy of standardization so skillfully advocated by the Americans in the various NATO bodies and in the press is intended to propagate American products and is a cornerstone of their strategy."[41] Valleix's report was unanimously adopted in committee, and his assertion was accepted without challenge by the full WEU Assembly in June when his report became part of the basis for the second WEU symposium on armaments policy, held in October 1979.

This view, which is so widely held, is in error. The 1976 Culver-Nunn Amendment to the Defense Department Appropriation Authorization Act for FY 1977 invalidated American procurement preference in Section 802. As Senator Sam Nunn explained, "This section, expressly, in law, authorizes the Secretary of Defense to waive the 'Buy American Act' for purposes of carrying out the policy of NATO standardization."[42] Subsequently, the United States reinforced this policy by signing bilateral memorandums of understanding that waive "buy national" laws on a reciprocal basis—

[41] See fn. 12, above, p. 10.
[42] *Congressional Record,* July 1, 1976, pp. S-11322–S-11323.



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which, from Europe's point of view, means elimination of the Buy American Act — with ten of its allies, including France.[43] Washington has also invited the remaining allies to negotiate similar memorandums.

Europe's difficulty in selling to America is a result not of the Buy American Act, but of the deeper structural problem arising out of the way in which Europe has organized its production of military items. Europe needs to transcend the outmoded nation-state unit and organize its research, development, and acquisition of arms and equipment on a continental scale. Even the Gaullist Valleix, while predictably "calling for respect of national sovereignty," acknowledges that intra-European "cooperation is indispensable." He cogently explains: "The European arms market is currently split into a multitude of national markets too narrow to guarantee cost reductions by means of longer production runs. Moreover, national resources will be all the better used if they are pooled for the purposes of specific research, development or even production projects. . . . Without European cooperation our countries' industries may well find themselves reduced to the status of subcontractors to the American arms giants."[44]

How *can* the threat of domination by the American arms giants be met? To foster interoperability, which emphasizes the distinctive national military product and so preserves the structure of separate, inefficient, national arms markets in Europe, would only ensure a subordinate position for the European midgets. Clearly, U.S. domination can be prevented only if Europe pools its resources efficiently for the creation of standardized military items that can be sold to the inventories of all the allied nations. Only then will Western Europe be able to compete successfully and achieve a more equitable flow of arms trade on a "two-way street" across the Atlantic. In short, standardization does not herald the demise of the European arms industry but, rather, its salvation.

The French claim the opposite: that standardization equals U.S. domination, while interoperability is the only way to protect Europe from American control. Valleix asserts: "Far from

[43] The other nine are Canada (which has long had an agreement with the United States on reciprocal arms purchases), Great Britain (whose memorandum has served as a model for those concluded in the recent past), Belgium, Denmark, Germany, Italy, the Netherlands, Norway, and Portugal. Negotiations are under way with Greece and Turkey. No memorandums are anticipated with Iceland and Luxembourg, which lack arms industries and are not members of the Conference of National Armaments Directors. See Report to the U.S. Congress by the Secretary of Defense, *Rationalization/Standardization Within NATO, Sixth Report,* January 1980, p. 58.

[44] Assembly of Western European Union, *Proceedings,* November 1978, p. 167.



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establishing a two-way street in the flow of goods . . . standardization on a NATO scale could only result in a serious imbalance to the detriment of the countries of WEU."[45] The Gaullist logic — founded on an overriding commitment to national sovereignty, which inhibits the restructuring of Europe on a rational basis — of necessity causes the European midgets to confront the American giants. If, indeed, one accepts the Gaullist premise that this is the way Europe should continue to be organized, then the nations of Europe will be condemned forever to American domination. If the Siren song of "national independence" is heeded, there will never be a way out of this condition of transatlantic servitude. Is it not ironic that the Gaullists who complain most bitterly about U.S. domination are precisely those who prescribe a policy that, if followed by the European nations, would perpetuate the very domination about which they complain?

Admittedly, Gaullist spokesmen have begun to modify their emphasis on national independence, as Valleix's call for cooperation among European countries in the production of armaments, cited above, indicates. The economic facts of life have, to some extent, taken their toll on the political commitment to national sovereignty. Under President Giscard d'Estaing, who, of course, is not an orthodox Gaullist, official French policy has been rather flexible and inventive in teaming French arms manufacturers with other Europeans on a variety of military projects. General Cauchie rightly points with pride to a series of collaborative efforts that have involved one, two, or (in exceptional circumstances) more European partners.[46] This is an encouraging development, but is it enough to bring about the necessary restructuring of the European arms industry?

Perhaps the best way to arrive at the answer is to examine the European effort in military R&D. Victor Macklen, of the British Ministry of Defense, illustrates Europe's current plight. He recalls that after World War II the United Kingdom "was actually able to build three new strategic aircraft to the prototype stage." With today's more complex systems, he says, "even in European collaboration I doubt whether we Europeans would ever have the resources to go for prototype competition [and beyond] to test and evaluation stages."[47] Presumably, the European collaboration he refers to is

[45] Ibid., June 1977, p. 76.
[46] Assembly of Western European Union, *A European Armaments Policy Symposium*, p. 21.
[47] American Defense Preparedness Association, *Meeting Report: Third Interna-*



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of the bilateral or trilateral type to which General Cauchie had pointed.

European military R&D is both too little and too wasteful, being fragmented among competing and often duplicative national programs. To recall the essential statistics: U.S. annual defense R&D is more than $12 billion; European defense R&D is about $4 billion a year. U.S. Undersecretary of Defense William Perry cites cases of weapon systems where the U.S. products are superior and available sooner, but he adds that this is so "not because we are smarter, but simply because we are putting more resources into this field. That situation will continue to be true . . . until and unless Europe increases its investment in defense R&D by approximately [a factor of] three."[48]

Changes of this magnitude seem unlikely — given the current scale of collaborative programs. Only if European resources are aggregated under a transnational authority that can facilitate the restructuring of the European arms industry will anything approaching the U.S. effort be possible. Such a fruitful concentration of effort, again, cannot result from a perpetuation of the separate programs that produce distinctive national military items dependent upon interoperability for wide use. To maximize the effect of aggregated R&D resources, the Europeans would have to turn out standardized products for use throughout the alliance.

The French disagree. Valleix argues that "in view of present relative strengths, standardization would result in production by the United States of the most advanced equipment, with the attendant risk of a decline in Europe's technology."[49] Would it not be more realistic to say that in view of the present relative strengths, the most certain way to ensure a decline in Europe's technology would be to reject the idea of standardization and so keep Europe's R&D effort in a weak and scattered condition? Surely, the best way to protect European technology is to aggregate its strengths through concerted European efforts aimed at producing transnational, standardized military items. No informed observer has claimed that Europe lacks the talent to produce high-level technology. Quite the contrary, as a U.S. Defense Department document reports, "European technology is as energetic and sophisticated as and even superior to U.S. technology in many

*tional Symposium on NATO Standardization and Interoperability*, March 20-21, 1979, Washington, D.C., p. 36.

[48] *New Directions for NATO*, p. 72.

[49] Assembly of Western European Union, *Proceedings*, June 1977, p. 77.



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respects."[50] The problem is that Europe does not have the production base to translate R&D into high-volume and high-quality items in a timely fashion, for this can be achieved only through standardization.

The United States has good reason to promote the development of European high technology, even though in doing so it may appear to be encouraging its competition. While the U.S. economy is large, it still cannot, by itself, support the necessary developments in high technology. The increasing cost and sophistication of military items leads to "stretch-outs" and inadequate funding in many production programs so that, as the official in charge of U.S. defense research and engineering states, "we can lose in our fielded equipment the technology lead we enjoy in our laboratories."[51] A Senate Armed Services Committee report concludes that "the Department of Defense tries to keep twice as many projects alive as can be reasonably funded at a full level of effort. The result is that many programs crawl at such a slow rate that they are obsolete well before they are deployed to the forces, or are overtaken by subsequently developed technologies."[52]

If Europe and America would agree to develop standardized products so that each could use what the other produces, complementary funding in Europe could keep alive many projects that U.S. firms eventually have to drop for want of sufficient funding. Both sides of the Atlantic would receive employment opportunities that otherwise would have been lost, and the alliance would move toward the early completion of military products that otherwise would have become obsolete before they could be fielded.

If spreading the high-technology base to Europe is necessary in order to arm U.S. forces satisfactorily, it is even more necessary in order to arm the European allies. In general, the U.S. forces have better and more sophisticated arms and equipment than the European forces. As the U.S. special adviser on NATO affairs warns, "The enemy commander would only have to concentrate on the weaker allies to put our own troops at risk. Unfortunately, this is the situation all too often today. For this basic reason, the Depart-

[50] *Summary of the Defense Science Board 1978 Summer Study on "Achieving Improved NATO Effectiveness Through Armaments Collaboration,"* July 31–August 11, 1978, Naval War College, Newport, R.I., p. 50.

[51] The *FY 1980 Department of Defense Program for Research, Development and Acquisition*, pp. I-10–I-12.

[52] *Authorizing Appropriations for Fiscal Year 1978 for Military Procurement*, Report no. 95-129, May 10, 1977 (Washington: GPO, 1977), p. 75. See, also, the testimony of Thomas A. Callaghan, Jr., in *Hearings* before a subcommittee of the Committee on Government Operations, U.S. House, July 21, 1977 (Washington: GPO, 1977), p. 51.



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ment of Defense favors greater sharing of military technology in our own security interest."[53] The sharing of high technology with Europe would also prove cost-effective for the United States. For if Europe were better able to defend itself, then Europe's need for U.S. troops would be reduced, thus easing America's manpower burden — the most expensive portion of the U.S. defense budget.

The U.S. Defense Department's proposal for the shared development of a family of weapons specifically contemplates sharing high technology with the allies. Under this proposal, the responsibility for taking the lead in developing one branch of a weapons family would go to the United States, and a consortium of Europeans would participate on a minority basis (say, 20 per cent). In the development of another weapon in this family, the lead would be taken by a European consortium with U.S. minority participation. There could also be transatlantic industrial teaming among majority and minority partners if it made good economic sense. "When the development is completed, the developing nation [or consortium of nations] would make available to the other participants a data package for production. Exchange of production data packages would be on a reciprocal basis to include all programs in the family."[54] This co-development, and the co-production that would follow both in Europe and America, would make the high technology of these related, next-generation weapon systems available to all participating allies.[55]

During 1980, several agreements were reached and others were being negotiated in order to implement the "family of weapons" idea. In the antitank family, for example, the United States will take the lead in developing a man-portable weapon, while the Europeans will be responsible for developing a vehicle-mounted one. In both instances, the latest technology in "smart bombs," which can seek out and destroy Soviet tanks at a distance, will be applied. If perfected as anticipated, this could, to an important extent, help offset the Soviet numerical superiority in tanks in

[53] Statement of Ambassador Robert Komer, June 14, 1978, in *Hearings* before the Special Subcommittee on NATO Standardization, Interoperability and Readiness, pp. 522-523.

[54] *The FY 1980 Department of Defense Program for Research, Development and Acquisition*, p. I-40.

[55] Valleix is apparently unaware that this program envisages the cross-fertilization of high technology. He mistakenly asserts that the "program for weapons families . . . would mean that a given weapons technology would for an extended period of time be handled by one of the partners in the Atlantic Alliance. This would imply that the industries on the other side of the Atlantic would pay no attention to the technical development of any such weapons system." (Assembly of Western European Union, *The Industrial Bases of European Security*, p. 5.)



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Central Europe, while the high technology of these weapon systems would be made available to participating NATO partners on both sides of the Atlantic. Similar agreements, having to do with the family of weapons including air-to-air and air-to-ground missiles, seem likely to take shape in the near term.

In order to control costs as well as to obtain the best technology, Washington would seek to preserve, and even stimulate, competition among the transatlantic industrial teams.[56] Once contracts have been awarded, however, competition would diminish as would be expected in a program that is aimed at eliminating unnecessary duplication of national efforts. Shared development of a family of weapons is one of many possible ways to achieve standardization, but it is only conceivable if the principle of standardization itself is accepted.

The final economic argument advanced in favor of interoperability centers on the question of military sales to third, mostly Third World, countries. It is widely feared that any restrictions placed on the sale of a standardized item by its alliance producers would be unacceptable to the individual national partners. True, Third World sales today have importance as a way of sustaining national arms industries that have only a limited national domestic market; but if a national industry could turn out a standardized product for alliancewide consumption, then the frantic search for Third World markets might disappear, or at least be greatly reduced. This problem is not amenable to simple solutions based solely on economic considerations, however, since the larger allies (including France) often view Third World sales as a useful instrument of foreign policy. The U.S. government has been studying intensively the extent to which restrictions on conventional arms transfers to Third World countries can be made compatible with the objective of NATO standardization. This effort is flawed, however, since the goal is a policy that Washington will then have to impose somehow on its allies in order to be effective. Clearly, what it is required is for both sides of the Atlantic to approach this as a common problem and to work out, to the maximum extent possible, a coherent *alliance* policy. In such deliberations, America would listen much more attentively to Europe if Europe spoke with one voice. For Europe to speak with one voice, however, she would have to build institutions that can effectively restructure the European arms industry.

[56] The FY 1980 Department of Defense Program for Research, Development and Acquisition, p. I-43.



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## The Political Argument

Whether effective European institutions can be built is essentially a political question. The ability of France to contribute meaningfully to this process will depend in large measure on the extent to which the Gaullist legacy will prevent France from transcending the bounds of the nation-state. As a political force, the strength of Jacques Chirac's orthodox Gaullists would seem to be declining, if one can judge from recent election results, including the June 1979 election to the European Parliament. Nevertheless, the basic Gaullist assumptions about the overriding importance of national independence and national sovereignty would still appear to have wide appeal to large segments of French opinion. Even on the Left, for example, the French Communists have found it politically expedient to become, at least on the question of national defense, "more Gaullist than de Gaulle."

How the Gaullist legacy has hindered efforts to refashion the structure of the European arms industry has been evident in several institutional settings. A classic example can be seen in the fate that befell the Eurogroup's initiative to give broad impetus to European armaments collaboration within the framework of the Atlantic Alliance. The Eurogroup, which is essentially NATO Europe minus France, met in special ministerial session on November 5, 1975, to consider a report of its national armaments directors on the questions of "standardization, European equipment collaboration and European–North American cooperation in defense procurement." The communiqué issued by the Eurogroup ministers on this occasion still makes interesting reading, since full implementation of their recommendations would have taken the alliance considerably further than it is today, both in organizing the European armaments effort and in creating more favorable terms for Europe in the transatlantic arms trade.

The ministers recognized the need to reduce "the constraints of narrow national markets and to encourage industry to increase the efficiency of its operations." To this end, it was necessary "to strengthen inter-European cooperation in the field of research, development and production of weapons and military equipment through industrial cooperation and coproduction." In undertaking this process, member countries "with less well-developed defense industries" would be encouraged to play a greater role. The Eurogroup armament directors were therefore instructed "to pursue with fresh emphasis the standardization both of com-



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plete major equipments and weapons systems and of assemblies and components." These aims could best be achieved through improved organizational machinery. Consequently, "they agreed in principle to establish a European Defense Procurement Secretariat. With a view to the longer term, [the] Ministers commissioned a study into the tasks which a European Defense Procurement Organization might undertake." In order to include France in such armaments collaboration, the Eurogroup ministers suggested the creation of "an independent forum open to all European members of the Alliance." Finally, with Europe so reorganized, the ministers "agreed to propose to the United States and Canada that a dialogue should be opened in the near future with a view to developing specific proposals for increasing trans-Atlantic cooperation and the reciprocal purchasing of defense equipment" for use on an alliance-wide basis.[57]

France subsequently joined the suggested independent European armaments forum, which became known as the Independent European Program Group (IEPG), and which began to function at the beginning of 1976. The more ambitious goals originally set for the IEPG by the Eurogroup, however, either have not been realized or have been realized only in part.

The French refused to participate in the creation of a European Defense Procurement Secretariat, and the IEPG is still not serviced by a permanent or adequate staff. France believes, in the words of General Cauchie, that the IEPG should be "conducted on pragmatic and flexible lines, with no hard-and-fast structure and no cumbersome and sterilizing mechanisms."[58] This attitude has also prevented the formation of a European Defense Procurement Organization; and the study of tasks that could be performed by such a procurement agency — a study suggested by the Eurogroup ministers — has never been undertaken.

The inclusion of France in the IEPG has produced other shifts in emphasis on policy matters. The hope that European countries with less well-developed defense industries would increase their participation in European arms production was reportedly met by the French attitude that such a matter was really the concern of the "Big Three" — France, Britain, and Germany — possibly with lesser input from Italy.[59] In response to the proposal

[57] "Text of the Europroup Communiqué, November 5, 1975," *Atlantic News*, no. 774, November 7, 1975, p. 1.

[58] Assembly of Western European Union, *A European Armaments Policy Symposium*, p. 22.

[59] *The Economist*, December 13, 1975, p. 39.



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for initiating a transatlantic dialogue, the French sought to keep North America at arm's length until the IEPG first accepted the French proposal for European preference in arms and equipment wherever possible. This idea made the IEPG take on the appearance, in some quarters, of a European arms cartel, aiming to carve up the European market among its members while excluding non-Europeans. In practice, the IEPG is not likely to achieve this result, though the restrictive French approach — Europeans producing for Europeans — would seem valid. The original Eurogroup vision was much more expansive: the Eurogroup ministers specifically spoke in terms of transatlantic standardization, so that Europe and North America could engage meaningfully in reciprocal purchases of defense equipment for alliancewide use. But then France has, in general, rejected standardization in favor of interoperability. The price of this narrower vision, of course, is the loss of a possible alliedwide market, and less opportunity for Europe to compete successfully in transatlantic arms trade. The transatlantic dialogue has, in fact, now begun in a systematic way, but it began later and is proceeding at a slower pace than would have been the case without French influence.

The IEPG has been frequently criticized for lacking sufficient political impetus. On the political side, it meets at the Undersecretary of State level, usually once a year. Its technical work is guided by national armaments directors who meet roughly twice a year in order to coordinate various panels and working groups. The result would seem to be meetings among civil servants, who have no authority to make decisions, and lawyers, who try to define armaments cooperation in abstract terms and never get down to concrete cooperative development projects.[60] In the French view, the IEPG is doubtless a useful discussion forum that can foster the kind of bilateral and trilateral European production agreements that France is already engaged in; but the IEPG is not seen as a serious mechanism for restructuring the European arms industry.

Such a harsh judgment of the IEPG may be premature, since long lead times are frequently involved in arms production programs. Yet the palpable disquiet at the Eurogroup's May 1979 ministerial meeting is symptomatic of the low repute to which the IEPG has fallen. One European defense minister, for example, was

[60] See, for example, Assembly of Western European Union, *Political Conditions for European Armaments Cooperation* (John Van Waterschoot, *rapporteur*), Document 802, May 21, 1979, p. 7.



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quoted as saying, "The IEPG is worse than a tortoise — at least a tortoise keeps moving."[61]

Proposals to reshape the European arms industry and create a European Arms Procurement Organization have also been advanced in the context of the European Community (EC). During 1973-1975, Lord Gladwyn wrote a series of reports for the European Parliament's Political Affairs Committee advocating various EC initiatives that could be made toward this end.[62] At the close of 1975, Belgian Prime Minister Leo Tindemans's report to the European Council, which had been commissioned by the heads of government of the European Community, recommended that member states "cooperate in the manufacture of armaments" because "efforts to provide the European countries of the Alliance with an organization for the standardization of armaments, on the basis of joint programs, will have important consequences for industrial production. This strengthens the need to initiate a common industrial policy on the manufacture of armaments. . . . Setting up a European armaments agency for that purpose must be given consideration."[63]

More recently, the German Christian Democrat Egon Klepsch, in his role as *rapporteur* of the Political Affairs Committee of the European Parliament, has developed detailed proposals that take account of French membership in the IEPG. Briefly, the Klepsch report,[64] which was adopted by the European Parliament in a vote of June 14, 1978, argues that the creation of a rationally structured market for the European armaments industry is imperative. In broad sectors of industry, such as aircraft, electronics, and shipbuilding, as well as in other areas of high technology, it is not possible to separate civilian from military developments. If these industries are to remain technologically viable and competitive in Europe, their future must be planned in the framework of a common industrial policy, which includes both civilian and military aspects, and this can best be done under the auspices of the Euro-

[61] *Atlantic News*, no. 1123, May 16, 1979, p. 1. Subsequently, Dutch Defense Minister Willem Scholten said with regard to the goals of the IEPG: "I regret that so far virtually nothing has come of these objectives. Tangible results . . . will be achieved only if the IEPG countries can arrive at a greater measure of cooperation than they have yet been able to attain. I am not optimistic about the prospects here." (Assembly of Western European Union, *Official Report*, June 19, 1979, p. 13.)

[62] See, in particular, Lord Gladwyn's reports dated August 16, 1973, January 25 and April 9, 1974, and January 13, 1975.

[63] "Report by Mr. Leo Tindemans to the European Council, December 29, 1975," *Bulletin of the European Communities* (Supplement 1/76), p. 18.

[64] European Parliament, *Report on European Armaments Procurement Cooperation* (Egon Klepsch, *rapporteur*), Document 83/78, May 8, 1978.



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pean Community. On the military side, it is necessary to create a European Armaments Procurement Agency, which would rely heavily upon the work of the IEPG as well as remain in close contact with organs of the European Community. The IEPG, in addition, would include some form of EC representation. Once properly organized, the European Armaments Procurement Agency would represent Europe and negotiate on its behalf with the United States and Canada in the conduct of transatlantic arms trade, which would then have more-balanced traffic on a two-way street.

Within a fortnight of the vote approving the Klepsch report, two Gaullist deputies arose in the National Assembly to denounce the action of the European Parliament and to request an official response to it on the part of the French government. Foreign Minister Louis de Guiringaud agreed with the objections of the Gaullists, asserting that in this instance the European Parliament had acted "beyond its competences . . . and beyond the field of application of the treaties" under which the European Parliament operated. The resolution adopted on the Klepsch report was therefore "nul and void."[65] Subsequently, Prime Minister Raymond Barre affirmed that "the proposal to give the European Community responsibilities with respect to the production of armaments is not acceptable."[66]

In the European Parliament debate on the Klepsch report, the French position was argued fully by the Gaullist deputy Pierre-Charles Krieg. He held that there could be no EC industrial policy on armaments unless there were also a defense policy, but defense is outside the jurisdiction of the organs of the European Community. Vicomte Davignon, who was in charge of industrial policy for the Commission of the European Community, pointed out that the Treaty of Rome provides for specific customs duties on military material imported into the European Community, and this is "ample proof that the Community is not *ipso facto* excluded

[65] Parliamentary questions No. 3406, June 21, 1978, by Pierre-Charles Krieg, and No. 3547, June 23, 1978, by Michel Debré, answered by Minister of Foreign Affairs Louis de Guiringaud, *Journal Officiel, Débats Parlementaires, Assemblée Nationale,* September 23, 1978, p. 5228.

[66] Assembly of Western European Union, Committee for Relations with Parliaments, *France: Reply by Mr. Barre, Prime Minister, to the Written Question Put by Mr. Jeambrun on Recommendation 325 (A European Armaments Policy)*, January 18, 1979, A/WEU/CRP (79) F5, January 22, 1979. In this pronouncement, Prime Minister Barre specifically referred both to Foreign Minister Guiringaud's responses to the parliamentary questions and to the WEU Assembly's adoption of the Critchley report on European arms policy (Document 786), which supported the proposals of the Klepsch report. See, also, Assembly of Western Union, *Political Conditions for European Armaments Cooperation*, p. 13.



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from dealing with military matters." In his view, the recommendations of the Klepsch report did not require an extension of EC powers into the military realm: "when the political and military decisions have been taken, the Community can take the industrial decisions. The division of responsibility is clear; there is no transfer of powers from one sphere to another, at least at this stage. In assuming responsibility for taking part in these preparations, we do not think we are stepping outside our legitimate powers."[67] Thus, the European Community would not get involved in the military jurisdiction, since the military authorities would continue to set military requirements. Once this had been done, the EC organs would simply implement the industrial policy connected with arms procurement.

France would have a significant input into decisions in both areas. Even though the French withdrew from the NATO integrated command structure in 1966, they did not, contrary to popular opinion, leave NATO as an organization.[68] Active French membership has continued in a dozen specialized NATO bodies,[69] and in the area dealing with military requirements, France has maintained high-level missions to NATO's Military Committee and to the NATO Military Agency for Standardization. In addition, France has remained a full participant in the Conference of National Armaments Directors, and, more important, is a member of CNAD's inner circle — the Four Power Armaments Directors (the United States, France, Britain, and Germany), where a number of significant decisions are made.[70] On the European level, France would exert considerable influence through the IEPG on any armament project undertaken by its European partners, while its membership in all the organs of the European Community would ensure that French views would be fully represented in the formulation of EC industrial policy.

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[67] Quoted by Geoffrey Rippon in the foreword, *Future Arms Procurement: USA-Europe Arms Procurement (The Klepsch Report)* (New York: Crane, Russak, 1979), pp. 14-15. This abridged edition was intended to give the Klepsch report wider circulation. Under Article 235 of the Treaty of Rome, the European Community could expand its jurisdiction if such action "appears necessary . . . in cases where this Treaty has not provided for the requisite powers of action." Since this requires the unanimous approval of its members, the use of this article to include defense policy is academic so long as it is subject to a certain French veto.

[68] This point was forcefully reaffirmed by the director for policy planning of the French Foreign Ministry, Jean-Louis Gergorin, during a seminar at the Center for European Studies, Harvard University, April 9, 1979.

[69] See Elliot R. Goodman, *The Fate of the Atlantic Community* (New York: Praeger, 1975), p. 122.

[70] North Atlantic Assembly, *Activities of the Subcommittee on Defense Cooperation*, pp. 20-21.



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Despite the opportunity for France to participate fully in the creation of both military and civilian industrial policy under such an arrangement, the French resist any change in the existing institutional structure. In arms production, this means joint projects set up on an *ad hoc* basis with one or two European partners. Such project-by-project collaboration has meant that an international management organization must be created anew for each project, while the experience of working together in joint management teams was lost once the project was dissolved and the individual national components went their own way. Recently, French industry has sought to overcome the drawbacks in this approach through the creation of a transnational corporate structure with a permanent legal existence and central management. Here the model is Euromissile, the Franco-German corporation that has successfully produced the Milan, Hot, and Roland tactical missiles. French spokesmen have indicated a desire to include Britain as a new partner in the development of the next generation of missile systems.[71]

The Euromissile experiment is good as far as it goes, and perhaps the corporate structure of other, somewhat differently organized international firms, such as the Franco-British Sepecat, which makes the Jaguar fighter aircraft, and the Panavia consortium, which produces the Tornado military plane (in which France is not involved), can also be preserved and enlarged. But this approach has its limitations. The French position is that such industrial collaboration should be confined to the Big Three, in concert with decisions taken by the ministers of defense of France, Britain and Germany. France fears that the participation of the smaller countries would restrict its freedom to make decisions in its own national interest or, as an extension of this fear, that the smaller states would advocate giving the EC institutions supranational powers.

In this view, an industrial policy as envisioned by the Klepsch report is undesirable. The Big Three mentality, however, neglects the valuable contributions that can be made to the European arms effort by countries having smaller defense industries, such as Italy, Belgium, the Netherlands, and Norway, all of which are extremely competent and technologically sophisticated in particular specialized armament or weapon components. To draw on these resources under the aegis of a comprehensive EC industrial policy would seem to be the logical answer to their full use.

[71] "Speech by Roger Chevalier, Executive Vice-President Aerospatiale," *Third International Symposium on NATO Standardization and Interoperability*, p. 156.



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The European Community should also accelerate its work in developing European company law by drafting European statutes that would encourage the restructuring of various parts of the European armaments industry into a few Community–wide consortia. That industry would then be more economically viable and competitive with the large American firms. In the restructuring process, individual adjustments would doubtless have to be made, but the European Community already has considerable experience with modernizing the coal and steel industries. Those disadvantaged by a shift in job opportunities could draw upon the European Social Fund, which has helped retrain and relocate workers in the past. Other intricate equalizing mechanisms such as those used by EC institutions in agricultural or monetary policy might also be adapted to the reshaping of the arms industry. EC intervention can help create larger and more rationally allocated R&D funds; and, indeed, many other initiatives can be imagined—taxation policy, economic incentives, policy on nontariff barriers that would eliminate national preferences in purchases, are but a few avenues for EC initiatives.[72]

**Unity or Absurd Subservience?**

The problem is not one of conceiving possible roles for the European Community, but of having the member states reach concrete agreements in the various policy areas. The first steps would doubtless be modest in scope, and arms procurement on purely national bases would coexist, as at present, with bilateral or multilateral projects. In addition, there would be joint projects financed by the European Community, which, it is hoped, would increase in size and scope so that over time Europe would move toward a more comprehensive and integrated system of arms procurement. By becoming a catalyst and facilitator of common action, the Euro-

[72] See, for example, the suggestions in Julian Critchley, "A Community Policy for Armaments," *NATO Review*, February 1979, pp. 13-14. On the question of European armaments policy, there is a marked French preference to turn to the organs of Western European Union instead of those of the European Community. The Council of the WEU is an intergovernmental political body that historically has had rather little impact. Even its dialogue with the WEU's Assembly generally has been sparse and sterile. The WEU Standing Armaments Committee is an expert body that can issue useful reports, and is currently engaged in a study of the European arms industry that is designed to supplement the IEPG's work. Historically, the Standing Armaments Committee has also had little impact. The WEU's Assembly has jurisdiction over all aspects of European security policy, it plays a useful role in stimulating discussion among parliamentarians in this area, and its committees produce interesting and frequently valuable reports. None of these WEU agencies, however, is equipped to implement the kinds of economic programs suggested above. The restructuring of the European arms industry is a matter of European industrial policy, which logically falls within the competence and experience of the European Community.



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pean Community will not erase all past national attitudes and behavior patterns. As the late Jean Monnet never tired of pointing out, institutions do not change human nature, but they can change human behavior by creating a set of common rules and mechanisms that permit people to deal with each other in a predictable and more rational manner. While the existence of common institutions will not resolve all problems, it would be equally mistaken to deny their very considerable value.

In the end, construction of necessary transnational European institutions is a matter of political will. The lack of political will is surely not uncommon, but Gaullist doctrine on national independence and national sovereignty presents a particularly formidable obstacle to institution building. Gaullist doctrine creates the familiar vicious circle and a self-fulfilling prophesy. It goes like this. In order to protect oneself against the threat of American domination, it is necessary to strengthen national independence and do nothing that would diminish national sovereignty. Insistence upon national sovereignty prevents the building of effective European institutions and so keeps the nations of Europe weak and divided. This condition facilitates — if, indeed, it does not make inevitable — the feared American domination that had been prophesied. As Lord Duncan-Sandys said with respect to European armaments policy, but which holds equally true in all aspects of building Europe, "It would be absurd to make Europe subservient to the United States in order to preserve national sovereignty which has become an illusion."[73]

[73] Assembly of Western European Union, *A European Armaments Policy Symposium*, p. 31.



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# THE U.S.-MEXICAN NATURAL GAS DEAL AND WHAT WE CAN LEARN FROM IT*

by George W. Grayson

Discoveries of massive hydrocarbon deposits have converted Mexico from a neglected stepchild of the petroleum world to a dazzling Cinderella.[1] Only a decade ago Mexico, then a net importer of oil, reported production of 311,000 barrels per day (bpd) and proven reserves of 5.6 billion barrels. By late-1980, Jorge Díaz Serrano, director general of Petróleos Mexicanos (PEMEX), the state oil monopoly, had announced that daily output exceeded 2.4 million barrels, approximately 1 million barrels of which were exported. His firm also boasted proven deposits of 60.1 billion barrels, probable holdings of 38 billion, and potential reserves of 250 billion.[2] On the basis of these figures, believed by some observers to be exaggerated, Mexico claims fifth place among the world's oil producers.[3]

Expanded Mexican oil production and export coincided with severe economic problems in the United States, where the inflation rate had jumped from 4 per cent in mid-1972 and 4.6 per cent in mid-1976 to an annual rate of more than 12 per cent in 1980. The need to import approximately one-half of the nation's daily oil consumption exacerbated these economic problems, which, in turn, limited America's political options. By the late seventies

* The author thanks Louis J. Harrell and Robert L. Quinan, Jr., students at the College of William and Mary, for their invaluable research assistance in the preparation of this article.

[1] Recent books on Mexican oil and gas include Richard B. Mancke, *Mexican Oil and Natural Gas: Political, Strategic, and Economic Implications* (New York: Praeger, 1979); Edward J. Williams, *The Rebirth of the Mexican Petroleum Industry* (Lexington, Mass.: Lexington Books, 1979); and George W. Grayson, *The Politics of Mexican Oil* (Pittsburgh: University of Pittsburgh Press, 1980).

[2] Foreign Broadcast Information Service (FBIS), *Daily Report* (Latin America), September 3, 1980, p. M2.

[3] The reliability of PEMEX's reserve figures is discussed in Grayson, *Politics of Mexican Oil*, chap. 3.

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America appeared as a latter-day Gulliver, pinioned by oil sheiks, religious zealots, revolutionary colonels, and other nasty Lilliputians who controlled the flow of hydrocarbons to its shores.

The prospect of securing oil from Mexico proved attractive to Washington policymakers, who recognized the advantages of a growing supply from a peaceable nation connected by short sea lanes — only three days steaming time from Mexican oil ports compared to forty-five days from the Persian Gulf — that would be relatively easy to defend in the event of conflict. A stable neighbor, led by a moderate president, José López Portillo, Mexico shares a myriad of economic, social, and political interests with the United States. At the same time, contiguity meant that Mexico could obtain a higher price from its northern neighbor because of reduced shipping costs. While not a member of OPEC, Mexico has followed the cartel's lead when setting prices.

Although Mexico has recently emphasized the need to diversify its market, the mutual advantage of exchanging dollars for petroleum has caused exports to the United States to increase from 8,500 bpd in 1974 and 179,400 bpd in 1977 to 559,000 bpd during the first half of 1980, when those sales constituted 74.1 per cent of all Mexican oil shipments abroad.[4] Furthermore, oil sold to buyers from other countries often winds up in the United States through the swaps and exchanges that characterize the international sale of oil.

Increased American purchases of oil nourished an interest in buying Mexican natural gas. The attraction of this energy source, which supplied almost 30 per cent of all energy consumed in the United States in the mid-1970s, lay in its clean-burning, relatively nonpolluting properties. Moreover, such influential politicians as Senator Edward Kennedy agreed with some State Department analysts that Mexico's failure to find an economically sound outlet for natural gas would constrain the production of the oil with which it was "associated" in the prolific fields around Villahermosa. Supplies from new foreign sources were particularly desirable because of a decision by the Canadian government to reduce steadily Canada's shipments to the United States; these had exceeded 1 trillion cubic feet a year in 1972 and 1973. Crippling shortages in winter 1976-

[4] Also receiving Mexican oil in this period were Spain, 72,200 bpd (10.2%); Israel, 52,100 bpd (6.9%); France, 22,300 bpd (3%); Japan, 13,700 bpd (1.8%); Puerto Rico, 12,100 bpd (1.6%); Brazil, 11,900 bpd (1.6%); and Costa Rica, 5,600 bpd (0.7%). In addition, Mexico promised to ship crude oil to Canada, India, Jamaica, Nicaragua, and Yugoslavia in 1980. A medley of factors — port congestion, insufficient storage capacity, bad weather, and surging domestic consumption — have prevented PEMEX from exporting the volumes contracted for by purchasing countries.



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1977 further stimulated an interest in imports. The upshot was an effort, beginning in early 1977, to conclude an agreement to purchase Mexican gas.

### The History of Natural Gas Production in Mexico

In the early days of the industry, oilmen considered gas a "nuisance" to be disposed of as conveniently as possible.[5] Technological breakthroughs in the early twentieth century, however, facilitated both the capture of gas and its utilization for commercial purposes.[6] PEMEX engineers kept abreast of major advances in the industry and looked forward to the day when the monopoly could take advantage of another important resource. To this end, funds were required to construct purification plants, to remove the hydrosulfuric acid found in "sour gas," and absorption facilities, to recover such light products as butane, propane, and gasoline as well as middle-range kerosenes and diesel oils from "wet gas." Gas-dehydration plants might also be required to remove water. In contrast to oil refineries, absorption plants had to be built near the producing fields in the event it should become necessary to "reinject" the gas into reservoirs, in order to maintain pressure, or to recycle the purified or "dry gas," in order to obtain larger volumes of liquefiable hydrocarbons. In addition, the pumping of "wet gas" through pipelines leads to the condensation of liquids that obstruct the flow; transmission of "sour gas" corrodes the pipelines. Gathering, trunk, and distribution lines are needed to complement the processing facilities. Above all, markets are required.

Created in 1938, after the expropriation of the foreign firms that dominated Mexico's oil industry, PEMEX was starved for funds during its formative years, and World War II limited its ability to acquire essential equipment with what few resources were available. As a result, "untold billions of cubic feet of natural gas" were either blown into the air or burned as waste.[7]

The conclusion of the war enabled Mexico to import the equipment it needed. PEMEX also benefited greatly from the appointment of Antonio J. Bermúdez as director general in 1946. A former mayor of Juárez, federal senator from Chihuahua, and trusted

[5] Antonio J. Bermúdez, *The Mexican National Petroleum Industry* (Stanford, Calif.: Institute of Hispanic American and Luso-Brazilian Studies, Stanford University, 1963), p. 76.

[6] B. Bonnett, S. E. Churchfield, and J. Hammond, "Historical Review of Some Equipment and Techniques Available to the Natural Gas Industry," in Peter Hepple, ed., *Outlook for Natural Gas — A Quality Fuel* (New York: John Wiley & Sons, 1973), pp. 7-18.

[7] Bermúdez, *Mexican National Petroleum*, p. 84.



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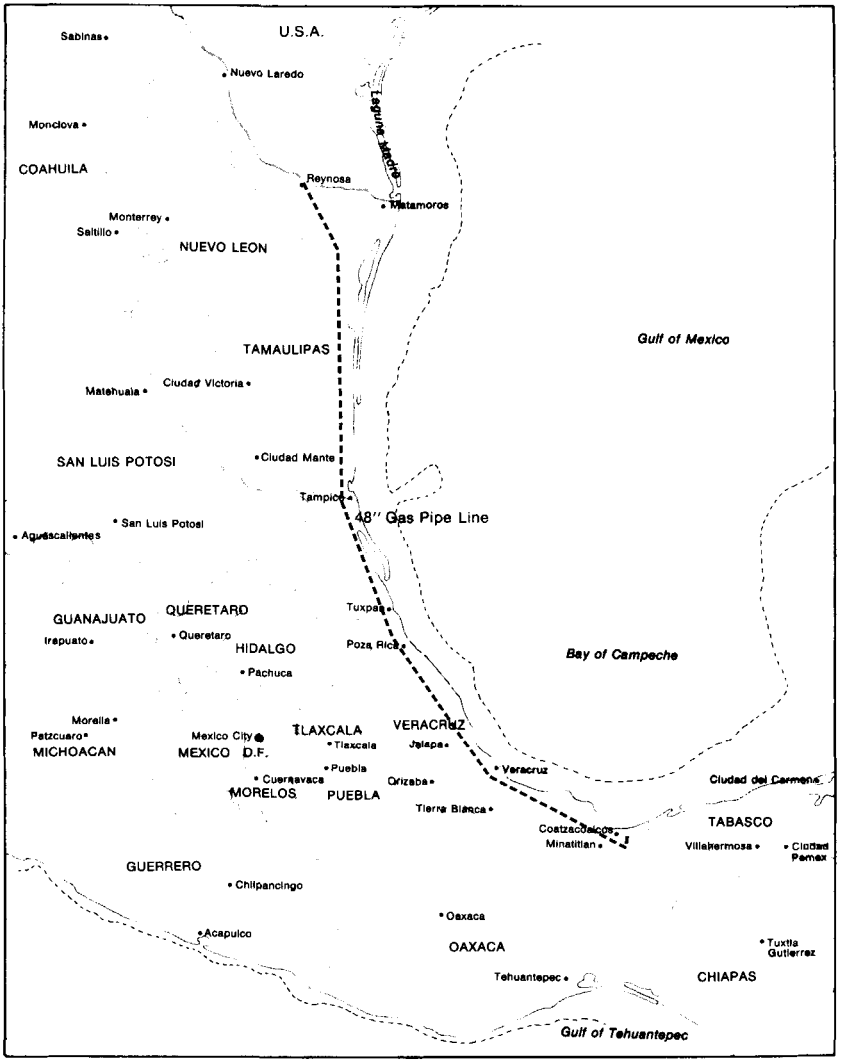


Map Courtesy of *Pipeline Industry*.

friend of President Miguel Alemán, Bermúdez brought order to a state corporation beset by labor disputes that were reducing efficiency and hurting productivity. The new administrator also encouraged exploration that led to the expansion of output and reserves. PEMEX opened important natural gas deposits (see map above) in the Reynosa fields (1947), south of the Texas border in Tamaulipas, and in the José Colomo fields (1951) of the Macuspana Basin, near



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the Tabasco-Campeche border. The firm also found abundant quantities of gas associated with oil in the immense Poza Rica fields on the Gulf Coast and in the Ogarrio, Magallanes, and La Venta fields of the Saline Basin in the Isthmus of Tehuantepec.

The gas deposits gave rise to the construction of processing facilities at Reynosa, Poza Rica, and Ciudad Pemex (an industrial complex established at the José Colomo fields). Pipelines linked these three centers to key markets. Before 1947, only two gas pipelines were operated in Mexico, both privately owned and both conveying gas from the United States to Monterrey. During Bermúdez's twelve years at the helm of PEMEX, Mexico built 977 miles of pipeline. The first of these, inaugurated in 1950, linked Poza Rica to Mexico City, 162 miles away. This facility had a 20-inch-diameter pipe and a capacity of 110 million cubic feet per day (cfd). Even more significant was the laying of a gasline between Reynosa and Monterrey, the industrial capital of northern Mexico. Completed in 1958, this line, whose initial capacity was 275 million cfd, was later extended to Saltillo, Monclova, and Torreón.

During Bermúdez's tenure, daily gas production rose from 90,000 Mcf (thousand cubic feet) in 1947 to 720,000 Mcf in 1958, while reserves more than quadrupled from 1.8 trillion to 7.8 trillion cubic feet. Because Mexico could not use all this gas domestically, the government signed an agreement in 1955 to provide a maximum of 200,000 Mcf daily of dry natural gas to the Texas Eastern Transmission Corporation. The contract, effective for twenty years, fixed 14.2 cents per Mcf as the minimum price and included provisions for an ascending scale each year and the possibility of revising the price every five years, in accord with market conditions. The arrangement enabled Bermúdez to boast that the price obtained by his country was "higher" than that received by any comparable U.S. producer in the border area.[8]

After the impetus provided by Bermúdez, Mexico's natural gas production climbed steadily during the sixties and early seventies, surpassing 1.8 billion cfd in 1972. These years also witnessed completion of a 24-inch, 663-mile gas trunk line, begun under Bermúdez, from Ciudad Pemex through Mexico City and on to Salamanca. The opening of this facility brought gas to Veracruz, Córdoba, Orizaba, Puebla, Mexico City, and the central plateau region. The gas replaced 50,000 bpd of residual fuel oil, which was made available for export. Pipeline construction spurred the growth

[8] Ibid., p. 80.



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of domestic industries producing plate and finished pipe, valves, gauges, and related items. Also important were the installation of compressors (which diminished the flaring of gas), the expansion of existing processing facilities and the construction of new ones, and the creation of a basic petrochemical industry — with principal plants at Minatitlán, Pajaritos, Salamanca, Ciudad Madero, and Reynosa — which by 1970 had saved Mexico more than 4.7 billion pesos in products that otherwise would have been imported.[9] For example, for three years beginning in 1951 PEMEX delivered sulfur and natural gas free of charge to Guanos y Fertilizantes, a state-owned fertilizer manufacturer.[10] PEMEX continued its exploration work, discovering both associated and unassociated gas. Especially promising were manifestations of dry gas in the Sabinas Basin of northern Mexico. By 1970, Mexico was the world's thirteenth-largest producer and consumer of oil, but the sixth-most-important producer and consumer of gas.[11]

Mexico's energy fortunes soared when, on May 15, 1972, PEMEX announced two important new wells in the Villahermosa area: Sitio Grande No. 1, about three miles south-southeast of the town of Reforma, and Cactus No. 1, about two miles north-northeast of the same town. The first well tested at 1,720 bpd of oil and 3,800 Mcf of gas; the second yielded 2,550 bpd and 5,800 Mcf. These discoveries, revealing hydrocarbons more than 13,775 feet below the thick tropical vegetation that blankets much of Tabasco and Chiapas states, alerted engineers to the presence of the prolific Reforma Trend, often compared favorably with Alaska's Prudhoe Bay. PEMEX carefully mapped the area, employing seismological methods, and recorded from 125 to 150 potential oil structures, many of which proved to be rich producers.

Reforma's output rose — from 10 million barrels in 1973 to 164 million barrels in 1976, when daily production averaged 451,000 barrels of oil and gas. (Output grew to 1,030,000 by March 1980.)[12] OPEC's decision to boost the price of oil fourfold gave a fillip to production activities in a nation whose oil bill shot up 140.7 per cent to 3,600 million pesos between 1973 and 1974. By 1976, the Villahermosa area boasted 81 producing wells, a figure that eventually rose to 180. The exceptional productivity of these deposits led

[9] Petróleos Mexicanos, *Petroleum Policy: Report of the Director General of Petróleos Mexicanos, Lic. Jesús Reyes Heroles, March 19, 1970* (Mexico City: Petróleos Mexicanos, 1970), p. 25.
[10] Bermúdez, *Mexican National Petroleum*, p. 92.
[11] Petróleos Mexicanos, *Petroleum Policy*, p. 12.
[12] *Excelsior* (Mexico City), March 13, 1980.



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to the area's designation as "Little Kuwait." While the nation's older wells, some of which date from the 1940s, yielded an average of 120 bpd, Sitio Grande, Cactus, Níspero, and Río Nuevo in Chiapas state were providing 2,808 bpd, and Samaria, Cunduacán, and Iride in Tabasco were spitting out 9,672 bpd.[13]

The Reforma wells also contain prodigious quantities of natural gas. Most wells in Mexico register a gas-to-oil ratio of 1,000:1; that is, 1,000 cubic feet of gas for each barrel of oil. At first, the central Reforma fields (Sitio Grande, Cactus, Samaria, Río Nuevo, Iride, Cunduacán, and Níspero) maintained this ratio. Later, 6,000 to 7,000 feet of associated gas per barrel issued from some wells, although the average for the area approaches 2,500.[14] As a result, proven natural holdings jumped from 9.1 trillion cubic feet in 1973 to 26.7 trillion cubic feet in 1977.[15]

These impressive ratios added to the development of an offshore oil province in the Bay of Campeche, and the confirmation of abundant gas in the northern fields of the Sabinas Basin and Monclova (Coahuila state) led PEMEX to estimate that gas production, 2.1 billion cfd in 1976, would climb to 5.4 billion cfd by 1982.[16] Every projection thus far has proved conservative, and output may eventually reach from 8 to 10 billion cfd according to one respected industry publication.[17] In light of the domestic market's inability to absorb production — consumption in 1977 was 684 million cfd — what possibilities existed for handling the surplus?

### What to Do with the Gas?

PEMEX had six possible ways of disposing of its surplus gas.[18] First of all, it could have encouraged greater domestic consumption of gas by private industry and such state firms as the Federal Electricity Commission. While it was a reasonable possibility, such a strategy proved difficult to implement in the short run because of the considerable expense of laying more pipelines and of

[13] *World Oil*, August 15, 1979, p. 82.

[14] A conservative estimate places the associated gas output of Tabasco and Chiapas at nearly 5 billion cfd by 1980, when the area will produce about 2 million bpd of oil. (See *Oil & Gas Journal*, June 5, 1978, p. 120.)

[15] These reserve figures are derived from data presented in Petróleos Mexicanos, *Anuario estadistico* (Mexico City: Instituto Mexicano del Petróleo, 1979), p. 5. PEMEX assumes (1) that natural gas constitutes one-third of all hydrocarbon holdings and (2) that one barrel of oil is equivalent to 5,000 cubic feet of gas.

[16] FBIS, *Daily Report* (Latin America), August 16, 1978, p. M1.

[17] *Oil & Gas Journal*, September 19, 1977, p. 84.

[18] The following section draws on material presented in George W. Grayson, "Mexico and the United States: The Natural Gas Controversy," *Inter-American Economic Affairs*, Winter 1978, p. 6ff.



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converting plants from fuel oil to gas. A notable exception were industries in Monterrey, which only a few years before had switched from gas to oil and were capable of dual-firing.[19]

PEMEX could have promoted further expansion of Mexico's petrochemical industry, whose output was scheduled to triple by 1982. Two important petrochemicals, ammonia and methanol, come from methane, which constitutes 80 per cent or more of natural gas.[20] In the case of ammonia, the 1976 six-year plan already called for an expansion of output from 3,000 tons a day to 13,000 tons a day, which amount was deemed the maximum if world markets were not to be saturated. Conversion of an additional 2 billion cfd of gas into ammonia would produce 60,000 tons a day and would require an investment of $4 billion for plant and an equal amount for storage and transportation. The placement of this quantity, more than half the world's daily consumption, on the international market would also have had a devastating effect on the price, which — in 1977 — was approximately the same as for natural gas. Consequently, Díaz Serrano dismissed the petrochemical option as "anti-economic."[21]

The national oil company could have followed a conservationist line, extracting the gas and reinjecting it until this byproduct could be used efficiently or simply shutting in wells with high gas-to-oil ratios. PEMEX did both. Still, the cost of reinjecting gas into the ground for storage was approximately 80 cents per Mcf, exactly twice what it would cost to ship the gas to the Texas border.[22] And, while an emphasis has been placed on developing wells having less associated gas (prompting a greater effort in Campeche than at Reforma, for example), the pressing need for foreign exchange from oil exports limited the number of wells that could be closed. Díaz Serrano insisted that the "era of petroleum" would last only twenty years before fuel substitutes would erode the value of oil as an energy source. Furthermore, Mexico's growing importance as an oil and gas producer would enhance its political power. Thus, it behooved Mexico — believing itself to be in a "race against time" — to expand production steadily in both the short and the medium run.[23]

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[19] *Excelsior*, December 30, 1977.

[20] Natural gas contains lesser amounts of such important raw materials for petrochemistry as ethane, propane, butane, and naphtha.

[21] Jorge Díaz Serrano, *Linea troncal nacional de distribución de gas natural: el director general de Petróleos Mexicanos ante la H. Cámara de Diputados* (Mexico City: Petróleos Mexicanos, 1977), p. 23.

[22] *Excelsior*, September 25, 1977.

[23] Díaz Serrano, *Linea troncal nacional*, p. 32.



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PEMEX could have liquefied the natural gas by supercooling, pump it into specially designed vessels, ship it to the intended market and regasify it on arrival. While a tantalizing alternative in terms of diminishing dependence on the United States, the economic payoff was modest. The necessary investment, including a cryogenic-tanker fleet, would have been $7.4 billion, more than seven times the initial estimate for constructing a pipeline to the U.S. border. Díaz Serrano estimated that it would cost $2.34 per Mcf to ship liquefied natural gas (LNG) to Europe, compared with 40 cents per Mcf to transmit the fuel to McAllen, Texas.[24] Furthermore, six years would elapse before a maritime operation could be launched. During that time, Mexico would lose $7.5 billion in flared gas or in delayed production of crude. Díaz Serrano evaluated the economic prospects of selling gas to Japan as "zero" because Yokahama lay 9,700 nautical miles from Mexico compared to only 5,250 for Rotterdam.[25]

As another possibility, Mexico could have continued to flare the gas associated with its oil, which it so urgently needed to export. In 1976, a year when Mexico managed to sell commercially only one-third of its extracted gas, PEMEX burned off $475 million worth of gas. In the twelve months beginning October 1, 1977, 600,000 Mcf per day was flared. At $1.00 per Mcf, that meant a loss of $219 million. Since the days of the 1938 expropriation, commemorated each March 18 as a "day of national dignity," hydrocarbons have represented the nation's birthright. They have been a focus of national pride, productivity, wealth, and independence. The continued squandering of this resource, when there were opportunities for its use, presented an irresistible issue for domestic critics of the Mexican government, whose commitment to revolutionary change has often been more rhetorical than real.[26]

Finally, the problems and limitations besetting each of his available choices led Díaz Serrano to conclude that "the methane gas should be exported by gaslines to the only feasible market, which is the United States of America."[27] Thus, PEMEX began negotiating the sale of gas with American transmission companies in early 1977, and those discussions crystallized into a "Memorandum of Intent" signed between Petróleos Mexicanos and six U.S. com-

[24] Ibid., p. 26.
[25] Ibid., p. 27.
[26] This point is developed in Susan Kaufman Purcell and John F. H. Purcell, "State and Society in Mexico: Must a Stable Polity Be Institutionalized?," *World Politics*, January 1980, pp. 194-227.
[27] Díaz Serrano, *Linea troncal nacional*, p. 27.



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panies on August 3, 1977. The U.S. consortium, led by Tenneco InterAmerican, also included the Texas Eastern Transmission Corporation (27.5%), the El Paso Natural Gas Company (15%), the Transcontinental Gas Pipeline Corporation (10%), the Southern Natural Gas Company (6.5%), and the Florida Gas Transmission Company (3.5%). Díaz Serrano stated that these companies were chosen from among many prospects because together they constituted the "best possible distribution" network within the United States.[28] Moreover, Mexico preferred to work with private firms rather than with the U.S. government because the latter, in a similar deal involving Canada, had demanded extensive information on reserves, productive fields, and financial matters — information deemed privileged by PEMEX. Nonetheless, regulatory agencies in Washington still had to approve a final contract before imports could begin,[29] and the PEMEX chief emphasized the good-neighborliness advanced by the negotiations: "It's a matter of a cooperative relationship we wish to establish with a friendly country that greatly needs gas, and not simply a commercial operation."[30]

In a nutshell, the memorandum provided for the initial delivery of approximately 50 million cfd from the fields of northeastern Mexico, possibly as early as the 1977-1978 heating season, and for deliveries of 2 billion cfd by 1979 when Reforma gas could be shipped. This amounted to 3 per cent of the United States' annual consumption of 20 trillion cubic feet — 60 per cent of which is used by industry and utilities, 40 per cent in commercial and residential heating. The parties contemplated a six-year accord, renewable for a similar term, with Mexico exercising the option to lower or halt exports as required by domestic exigencies. Any reduction in supplies would be distributed proportionately among the consortium members. The companies agreed to a Mexican request to peg the initial price and subsequent quarterly increases to the heat equivalent of No. 2 distillate fuel oil delivered in New York Harbor, a roughly comparable energy source. The price of the first shipments was thus fixed at approximately $2.60 per Mcf, or eight times the Mexican domestic price, and adjustments were permitted on a quarterly basis. Should the price of No. 2 fuel decline, another yardstick would be chosen.[31] A "take or pay" provision meant that the

[28] Ibid., p. 28.
[29] *Excelsior*, October 28, 1977.
[30] Ibid., June 3, 1977.
[31] Ibid., September 25, 1977.



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transmission companies would have to buy the gas regardless of market conditions in the United States.

Several facts cast doubt on the consortium's later claim that they had engaged in "tough bargaining" over price. To begin with, pipeline companies make money when volume, or "throughput," is high and lose money when their facilities are underutilized or idle; their primary concern is guaranteed quantities of a premium fuel. Also, under regulatory procedures existing at the time, they could pass their costs on to consumers by averaging in ("rolling in") the price of relatively expensive imports with that of cheaper domestic gas.[32] Finally, Díaz Serrano praised the firms before the Mexican Congress. "The companies," he said, "accepted our prices and we enjoyed their full cooperation."[33] Nonetheless, the key industry figure in the negotiations claims to have fought hard, resisting the Mexican demand for a price equal to that paid for any gas, whatever the source, sold in the United States.[34]

Industry spokesmen described the U.S.-Mexican accord as "especially timely," for it came on the heels of an announcement by the Canadian government that it was considering a two-year delay in the construction of a pipeline to bring natural gas from Alaska's North Slope through Canada to the United States. A Canadian study had recommended beginning the $10-12 billion project in 1981, rather than in 1979, in order to permit settlement of Indian land claims. This was significant, for the oilfields at Prudhoe Bay reportedly contain 26 trillion cubic feet of gas.[35]

### The Gasoducto: Development or Dependency?

Confident of a deal with the U.S. firms, PEMEX decided on October 6, 1977, to construct a National Gas Trunkline System from the Reforma fields to the Texas border (see map). All told, the 48-inch-diameter conduit would stretch 685 miles along Mexico's alluvial plain, beginning in Cactus (Chiapas state), the site of a large gas-desulfurization and gas-liquids extraction complex, and following a westward direction to Alvarado (Veracruz state). There it would take a northerly course, parallel to the Gulf Coast, to reach Poza Rica, Tampico, Ciudad Madero, and San Fernando (Tamau-

[32] The alternative to "rolling in" is "incremental pricing," whereby the customer is charged the full price paid by the transmission company to the original supplier.

[33] *Excelsior*, October 28, 1977.

[34] Interview with Jack H. Ray, president of Tenneco InterAmerica, Inc., Houston, May 20, 1980.

[35] *New York Times*, August 5, 1977.



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lipas). Then it would branch: one 42-inch line running 155 miles to Monterrey; the other running 74 miles to Reynosa, McAllen's sister city. From the pipeline terminus at the border, the gas would flow through existing lines across the "sunbelt" and southern states, reaching as far north as Chicago and New York City. The *gasoducto,* compared favorably in Mexico to the trans-Alaska oil pipeline, would reach its full capacity of 2.7 billion cfd in 1981 when the last of eighteen identical pumping stations, spaced roughly 40 miles apart, would begin operation.

Díaz Serrano regaled his country's Congress with descriptions of the proposed facility's advantages. It would serve, he argued, as a steel spinal column connecting the production system and 12,400-mile gas distribution network of the Southeast, the Federal District and the Central Valley with the production-distribution network of the North, converging on Monterrey. This linkage would provide vital flexibility and ensure supply to all markets outside the production centers, thus allowing the use of priority associated gas. Nonassociated gas, whether from northern or southern fields, would be available to adjust the total natural gas production in order to satisfy the current requirements of the same. The system would also create new poles of industrial development along the Gulf Coast, drawing people away from — or, at least, restraining the flow into — Mexico City, Guadalajara, and Monterrey. The *gasoducto,* moreover, would allow exploitation of a series of gas deposits that had previously not been opened because of their small size. In addition, from 24,000 to 35,000 jobs would be created during the construction phase.[36] Above all, the new facility would permit the export of gas worth $5 million per day, enabling PEMEX to recoup in two hundred days its construction costs of $1 billion (later raised to $1.5 billion).[37] Neither figure took into consideration the substantial investment required to process the gas for shipment to market.

The many problems that beset the gas deal between the six American firms and PEMEX need not be repeated in detail here.[38] Suffice it to say that the accord raised the hackles of the Mexican Left. The most articulate critic was Heberto Castillo, leader of the small Mexican Workers' Party and a regular contributor to the

[36] Díaz Serrano, *Linea troncal nacional,* p. 19.

[37] FBIS, *Daily Report* (Latin America), October 12, 1977, p. V5.

[38] See Richard R. Fagen and Henry R. Nau, "Mexican Gas: The Northern Connection," a paper prepared for delivery at the Conference on the United States, U.S. Foreign Policy, and Latin American and Caribbean Regimes, Washington, March 27-31, 1978 (mimeo.), and Grayson, "Mexico and the United States."



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influential weekly *Proceso*.[39] Castillo condemned the *gasoducto* as "a grave error because in addition to selling a product vital to the country's own economy, it establishes a zone that represents a serious strategic danger." He saw the facility as a kind of Panama Canal that might be used in a time of crisis to justify the return of U.S. Marines to the Halls of Montezuma. To convert the gas to petrochemicals, Castillo insisted, would increase its value tenfold. Like other detractors, he also objected to the physical link that the conduit would represent between Mexico and the United States.

Francisco Ortíz Mendoza, leader of the legislative faction of the Popular Socialist Party, embellished the dependency argument: "Now they want a gas pipeline, and soon they will ask for an oil pipeline. When they take all the gas and all the oil, they will leave us a large and useless pipeline 1,350 km long and 48 inches in diameter."[40]

Then, Víctor Manzanilla Schaffer, a congressman from the peasant sector of the ruling Institutional Revolutionary Party (PRI), created a sensation on December 26, 1977, by denouncing a constitutional reform designed to speed construction of the *gasoducto* through a corridor piercing five states. The proposed amendments to Article 27 invested in the Ministry of Patrimony and Industrial Development sole authority to order the expropriation of property, stipulated that payment could be negotiated after land had been taken, and identified the petroleum industry as "the public utility having priority status in exercising surface and subsoil rights" over all holdings in the country, whether held by private owners, the state, or *ejidos*.[41] Manzanilla assailed the change as a transgression of peasant rights and a violation of the nation's hallowed agrarian reform — both accomplished by ignoring the basic procedures of the legislative process.[42]

These outcries precipitated a rare debate over public policy in a country renowned for secretive, authoritarian decision-making. Díaz Serrano, who denied the application of pressure by Washington to obtain gas, led the government's counterattack, focusing on the sensitive question of Mexico's relations with its

[39] A compendium of *Proceso* articles on oil and natural gas, by Castillo and others, has been published under the title *Petróleo y soberanía* (Mexico City: Posada, 1979).

[40] FBIS, *Daily Report* (Latin America), July 25, 1977, p. M1.

[41] *Excelsior*, November 25, 1977. The *ejido*, a product of the agrarian reform, is land set aside by the government as a trust to be used by peasants in agricultural, pastoral, or related activities. (See L. Vincent Padgett, *The Mexican Political System* [Boston: Houghton Mifflin, 1976], p. 29.)

[42] Williams, *Rebirth of the Mexican Petroleum Industry*, pp. 106-107.



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neighbor to the north. "Energy," he insisted, "defends us, frees us from economic aggression and makes us increasingly less dependent. . . . The strongest and most powerful country on earth has made a veritable cult of human rights, and I believe it would be stupid to think of its engaging in territorial aggression in the latter part of the twentieth century."[43]

**Democracy in America: No Magic Wand**

As Mexico attempted to devise its own strategy, the U.S. Congress wrestled with an energy plan submitted by President Jimmy Carter and James R. Schlesinger, secretary of the recently created Department of Energy. A key provision called for an immediate boost in the wellhead price of newly discovered natural gas to $1.75 per Mcf, a figure loosely based on the price of the energy equivalent of domestic crude. Deregulation of newly discovered gas and of gas sold in interstate commerce would take place in stages, culminating with removal of government control on December 31, 1984. To pay Mexicans $2.60 per Mcf seemed unfair (and politically artless) when domestic producers could look forward to just two-thirds that amount. Moreover, the higher price to Mexico would strengthen the argument of those who wanted complete deregulation of domestic gas to take place immediately. "How can you justify holding our prices down when you are willing to let foreign gas enter at such high levels?," thundered industry spokesmen.[44]

Senator Adlai E. Stevenson III attacked the proposal from a different perspective; namely, that approval of the Mexican price would encourage the Canadians, who supplied gas to the upper Midwest and Pacific Northwest at $2.16 per Mcf, to demand parity, thus driving up the cost to U.S. buyers. Stevenson insisted that at $1.75 per Mcf Mexico could recover the gas, operate the pipeline, finance its debt, and still enjoy an attractive profit. The additional 85 cents would represent a bonanza for PEMEX, adding $620 million annually to the United States' deficit in fuel imports. "Natural gas prices in excess of $1.75 produce no more natural gas. They do produce inflation, recession, political instability and windfall profits," he insisted.[45] By the time the Mexican gas was integrated into the pipeline grid and transported to New York, added Stevenson, it would cost about $3.60 per Mcf.[46]

[43] *Excelsior*, October 26, 1977.
[44] *Oil & Gas Journal*, September 12, 1977, p. 58.
[45] *Washington Post*, December 12, 1977.
[46] U.S. Congress, *Congressional Record* (Senate), October 19, 1977, p. A19937.



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Senator Lloyd M. Bentsen of Texas and other legislators from the gas-producing states took strong exception to Stevenson's arguments and supported an import arrangement with Mexico. Nonetheless, Stevenson used his position as chairman of the Banking Committee's Subcommittee on International Finance to persuade the U.S. Export-Import Bank to postpone action on $588.2 million in credits that would finance the acquisition of U.S. goods and services for the pipeline and other hydrocarbon ventures. In response to the bank's action, the Mexican government canceled a $33-million order with the U.S. Steel Corporation, which, along with Canadian, French, Italian, Japanese, West German, and Mexican firms, had been asked to supply 48-inch steel pipe for the *gasoducto*. Although the aura of an economic reprisal surrounded this action, a backlog of requests, limited capacity to manufacture 48-inch pipe, and a fire in U.S. Steel's Baytown, Texas, plant made it unlikely that the order could have been filled on schedule.

Secretary Schlesinger also opposed the tentative agreement with Mexico. His opposition was both to the price, which might interfere with passage of the pending gas deregulation bill, and the proposed link to the middle distillate No. 2. Not only is the price of No. 2 volatile and subject to manipulation by OPEC, it can be shipped to any market, thus producing a worldwide price. For natural gas, in contrast, there is no single market: before the shah's ouster, Iranians sold gas to the Soviets for less than 50 cents per Mcf; in 1977, Canadians were able to get $2.16 from the United States; Algeria had negotiated a sale to U.S. transmission companies at $3.37, though it failed to win government approval; and Indonesians have supplied gas to Japan for between $3.50 and $5.00. Thus it seemed economically unsound to peg the price of this energy source to fuel oil, a move that would only reinforce or legitimize OPEC and favor the establishment of an international gas price determined by the cartel. Finally, wary of the sharp changes that can attend the transfer of presidential power every six years in Mexico, Schlesinger believed that any accord should be for twenty years, a period often agreed to in natural gas sales contracts.

As early as April 1977, U.S. officials had advised their Mexican counterparts that federal regulatory agencies would have to approve any sales accord with U.S. firms and that the price would be a point of contention. Yet, despite repeated warnings, the



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Mexicans — accustomed to the dominant role enjoyed by their chief executive — seemed baffled by the administrative process, which had, in fact, become more difficult to fathom with the replacement of the Federal Power Commission by two new agencies, the Economic Regulatory Administration, which focuses on the general merits of an international transaction and on the price of the import, and the Federal Energy Regulatory Commission, which concerns itself with the relation of new supplies to a gas company's rate-base and decides whether all or part of the purchase price can be passed on to consumers. Confided a key U.S. official, who asked to remain anonymous, "They thought that Carter could wave a magic wand and the deal would go through."[47]

Mexican negotiators agreed in principle to a face-saving formula whereby the U.S. government would approve the $2.60 price once large quantities of gas began to flow through the completed *gasoducto*. This compromise was doubly attractive, for it disconnected the contract figure from OPEC charges and postponed the $2.60 payment for approximately two years, at which time it would be closer to domestic and (perhaps) Canadian levels. This U.S. initiative was killed at the highest levels of the Mexican political system.[48]

In a pre-Christmas meeting of Díaz Serrano, Foreign Minister Santiago Roel García, and Schlesinger, Mexico again pressed to tie the gas price to that for No. 2 fuel oil, which was then the equivalent of $2.76 per Mcf. The U.S. secretary of energy, in a manner that the visitors considered abrupt and arrogant, adamantly refused to agree to more than $2.16, lest Canadian suppliers insist on raising their export price to obtain any higher amount secured by Mexico. The ensuing impasse prompted PEMEX to announce on December 22 that it would not renew the Memorandum of Intent, due to expire at the end of 1977. The Mexicans justified this action on the grounds that their country, a champion of nonintervention, did not wish to meddle in the energy debate taking place in the United States.[49] The gas companies, they felt, were using the pending deal as a lever to push up the fuel's price on the U.S. market. The Mexican government also expressed its intention to lay the gas

[47] For a chronology of contacts between the U.S. and Mexican governments on gas pricing and related questions, see U.S. Senate, Committee on Energy and Natural Resources, *Mexico: The Promise and Problems of Petroleum*, 96th Congress, 1st Session, 1979 (pub. no. 96-2), pp. 157-162.

[48] Fagen and Nau, "Mexican Gas," p. 35.

[49] *Excelsior*, January 6, 1978.



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pipeline as far as San Fernando, seventy-five miles south of the Texas border, but without the eighteen compressors, thereby halving the construction cost.[50]

The transmission firms were livid that U.S. government interference had prevented them from securing an assured supply of their economic lifeblood. Tenneco, for example, considered firing a salvo at Washington during a press conference in Houston, but concluded that such action "would not help us get any more gas." Jack Ray believes that Schlesinger acted "illegally in trying the case in the newspapers" before a contract was even submitted to regulatory authorities, at which time the Department of Energy's intervention would have been proper. As for the argument that Ottawa would raise its price to match that contained in an agreement with Mexico, Ray maintained — and events since then support his view — that higher Canadian prices were inevitable, regardless of any U.S. gas deal with Mexico. Ray also rejected the contention that linkage of the price of Mexican gas to the price of fuel oil sold in New York Harbor would allow OPEC to fix that charge. The price of No. 2, Ray pointed out, was only partly determined by cartel sales; the price of U.S. supplies also played a role.[51] In any case, the United States had already agreed to pay Canadian producers a price pegged to that charged by the cartel for crude.[52]

Schlesinger further angered the companies by waiting three weeks before granting their request, made on December 17, for a meeting to discuss the pending gas transaction. Despite a second plea from Ray, Schlesinger agreed to see the pipeline executives only after the memorandum had expired. Reiterating his reasons for opposing the $2.60 price, the energy secretary assured his guests that "sooner or later" Mexico, which, except for a small amount during the winter of 1977, had not shipped gas to the United States since 1964, would have to sell on the U.S. market for lack of any other choice.[53]

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[50] Ibid., December 23, 1977; *Latin America Economic Report* (London), January 6, 1978, p. 1.

[51] Interview with Jack H. Ray, Houston, May 20, 1980.

[52] Through the mid-seventies, Canada priced its gas on a commodity basis, looking at alternative fuels in the U.S. market. In May 1976, the Canadians began experimenting with three or four pricing zones. This move triggered a sharp reaction from the U.S. government, which claimed that differential pricing would constitute an unwelcome interference in U.S. affairs. As a consequence, in the spring of 1977 Ottawa fashioned a complex formula, simplified in 1980, linking its gas charges to those of OPEC oil purchased by Canada. While not enthusiastic about this scheme, U.S. officials accepted it well before the Mexicans proposed pegging the price of their gas exports to No. 2 fuel oil.

[53] *Excelsior*, January 7, 1978.



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## Oil and Gas Terminology

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| "WET GAS" | Unprocessed, or partially processed, natural gas containing a high percentage of extractable liquid hydrocarbons that can be made into such products as butane, propane, and gasoline as well as middle-range kerosenes and diesel oils. |
| "DRY GAS" | Unprocessed, or partially processed, natural gas composed essentially of methane and ethane, and containing a low percentage of extractable liquid hydrocarbon components. |
| "SOUR GAS" | Gas found in its natural state and containing an appreciable amount of hydrogen sulfide. Because the hydrogen sulfide is actively corrosive, damaging pipes and other equipment, "sour gas" usually undergoes a desulfurization process in absorption plants. |
| ASSOCIATED GAS | A free natural gas in immediate contact with, but not in solution with, crude oil in the oil field. |
| NONASSOCIATED GAS | A free natural gas that is found by itself and is not in contact with, or dissolved in, crude oil. |
| LIQUEFIED NATURAL GAS | Produced by processing natural gas, lowering its temperature to below —168° C for transportation by special vessel, and reprocessing it after landing. Commonly known as LNG. |
| SUPERCOOLING | The process of lowering the temperature of natural gas below its critical temperature (—168° C), by means of compressors and heat-exchangers, to produce liquefied natural gas. |
| FLARING | The burning off of excess natural gas found in oil fields. |
| LIGHT PRODUCTS | Highly refined derivatives of the hydrocarbon components found in crude oil, including such goods as motor and aviation gasoline, turpentine substitutes, refined kerosene, and stove, lamp, and tractor fuels. |
| NO. 2 FUEL OIL | A liquid petroleum product condensed from vapors during distillation and used as home heating oil and as boiler fuel in factories. |
| NO. 6 FUEL OIL | A heavier, turgid product or residue left after the lighter products are removed from crude. This residual oil is mainly used as fuel in industry, marine transportation, and for electric-power generation. |



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**Oil and Gas Terminology**
(Continued)

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| PETROCHEMICALS | Chemicals, produced in one step from a petroleum base, from which a variety of products can be obtained, including solvents, detergents, plastics, agricultural chemicals, synthetic rubber, and others. |
| OIL FIELD | An area underlain by one or more reservoirs of commercially valuable oil without substantial interruption. |
| OIL STRUCTURE | The underground contours of the oil field, specifically the folds and dislocations of rock layers resulting from deformation of the earth's crust. |
| "TAKE OR PAY" | A contract provision whereby the buyer is obligated to pay for a product whether or not he takes delivery of it. |
| "TAKE AND PAY" | A contract provision whereby the buyer is obligated to pay for a product only if he takes delivery of it. |
| GAS-TO-OIL RATIO | A measure of the amount of gas held in solution in crude oil; usually expressed in cubic feet of gas per barrel of oil. |
| THROUGHPUT | The volume of natural gas flowing through a pipeline during a specific time period. |

### López Portillo "Hanging by His Paintbrush"

Mexican reaction was swift and loud. The president averred that he had been left "hanging by his paintbrush" when Schlesinger knocked over the ladder — a phrase more clever than accurate, in light of the repeated signals warning of potential pricing problems. Nonetheless, Mexican journalists, intellectuals, and officials vented their nation's collective anger at the U.S. energy secretary. One of the most undiplomatic statements came from the country's chief diplomat: "Schlesinger is a liar," said Roel García, "and you can quote me on that."[54] In January 1978, Díaz Serrano reported that Mexico would substitute the gas previously earmarked for the United States for oil in generating electricity at home and making petrochemicals. It would be able to export the 147,000 barrels of oil made available, thereby generating $700 million annually.[55] Meanwhile, Jesús Puente Leyva, chairman of the Energy

[54] *Washington Post*, February 4, 1979.
[55] FBIS, *Daily Report* (Latin America), January 6, 1978, p. M1.



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Committee of the Chamber of Deputies, had insisted that "the United States needed to buy Mexico's gas more than Mexico needed to sell it."[56] There was even discussion of constructing a gasline to the south to serve Central America.[57]

Mexico's outcry was echoed in the United States on editorial pages, television programs, and Capitol Hill. Senator Kennedy, suggesting an inflexibility belied by the record of contacts, accused Schlesinger of having "spurned the opportunity for negotiations with Mexicans on price." Similarly, Senator Jacob Javits asked the energy secretary, "Isn't it a fact that we have very materially been poisoning the atmosphere between us and the Mexicans by the adamant position that you have taken on Mexican gas?," and Senator Charles McC. Mathias, Jr., wrote in January 1978 that the "whole fabric" of the agreement between Mexico and the U.S. consortium "was rent when an abrupt unilateral ruling was issued by the Department of Energy."[58]

The Mexican government found itself in a most embarrassing situation. Having argued strenuously for months that it faced the Hobson's choice of flaring the gas or selling the fuel abroad, it had then done a 180-degree turn by proclaiming that all the gas could be used at home. As one perceptive scholar noted, "The *gasoducto* was miraculously rechristened the *Troncal Nacional* (National Trunk Line) and diverted from export service to the meeting of newfound domestic needs.[59] In fact, it was not the name that had changed, but the mission, as López Portillo reiterated the decision "to use the gas in our country so as to speed up development."[60] Lost in all the publicity was an explanation of why Reforma gas had to be shipped northward for domestic purposes when the Sabinas Basin contained abundant supplies for consumers in Monterrey and other northern cities.

Díaz Serrano announced completion of the facility, begun thirteen months earlier, on March 18, 1979. It extends from Cactus to Los Ramones, in Nuevo Leon; required a total investment of $1.6 billion, 60 per cent of which was spent internally; and provided employment for 18,500 construction workers. The installation of compressor stations could increase its throughput capacity, 0.8

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[56] *Excelsior*, November 5, 1977.
[57] Ibid., January 13, 1978.
[58] *Washington Post*, February 13, 1979.
[59] Judith Gentleman, "Nationalism and Dependency: An Analysis of Their Impact in the U.S.-Mexican Gas Negotiations," a paper read at the Annual Meeting of the Latin American Studies Association, Pittsburgh, April 5-7, 1979 (mimeo.), p. 20.
[60] FBIS, *Daily Report* (Latin America), May 3, 1978, p. M1.



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billion cfd when inaugurated, to 2.7 billion cfd. Laterals, radiating from the main line, supply gas and stimulate the economic development of outlying facilities. As PEMEX's director general boldly stated, "Even if the United States were not a potential customer for the natural gas, we would still have had to construct the national trunkline to meet the energy needs of our population. The *gasoducto* is imperative to connect the northern and southern supply networks, link all known oil and gas fields, and supply natural gas to all the cities and future poles of development along the Gulf Coast."[61]

The question, then, is whether Mexico can efficiently use its natural gas internally. PEMEX officials have stated that a conversion program would require two years, and it will be difficult to predict the outcome until that time elapses. The U.S. Department of State estimated in 1978 that a concerted effort could increase domestic consumption from 1.5 billion cfd to 2.5 billion cfd, a figure attained in August 1980, according to an expert in Mexico City.[62]

Success in absorbing its gas production has led PEMEX to report a drop in flaring from 400,000 Mcf per day (1977) to 150,000 Mcf per day (1980),[63] a figure that may be understated. In any case, a significant reduction should occur when a 36-inch line is completed in early 1981 to move ashore gas, which heretofore has been burned, from the Campeche fields.[64]

The first conversion efforts are the easiest to accomplish, and formidable obstacles confront continued substitution of gas for oil. PEMEX must build networks of distribution lines in each locality, and the costs of switching over are high. Mexican officials estimate that converting those fuel-oil users who can change to natural gas will require a $400-million investment. Contained in this figure are the transportation and distribution systems needed to deliver the gas to consumers (industrial users will bear a significant portion of this expense), additional equipment to improve refineries, and possible facilities in producing areas either to store the fuel or to use it for field pressurization in lieu of water.[65] Moreover, powerful interests having a stake in existing energy systems

[61] Jorge Díaz Serrano, *Informe del director general de Petróleos Mexicanos, 18 de marzo de 1978* (Mexico City: Petróleos Mexicanos, 1978), p. 21.

[62] Telephone interview with Ing. Raúl Delgado Flores, assistant manager of planning and technical studies, Office of Pipeline Studies, PEMEX, Mexico City, August 20, 1980.

[63] Interview with Fulvio Zama, Office of Public Relations, PEMEX, August 20, 1980.

[64] Jorge Díaz Serrano, *Informe del director general de Petróleos Mexicanos, 18 de marzo de 1979* (Mexico City: Petróleos Mexicanos, 1979), p. 11.

[65] U.S. Senate, *Mexico: Promise and Problems*, p. 36.



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will resist a widespread changeover to gaslines and a metering system. Unions and their subcontractors drive the large trucks that supply factories with diesel and bunker oil and that carry butane to homes and businesses; influential businessmen control storage centers; and well-entrenched politicians and their cohorts receive "commissions" on a series of related transactions. Too, a sharp rise in gas production would require the construction of new processing facilities.

Government projections show that the gas sweetening and stripping capacity will probably be adequate to handle planned output through 1981 or 1982, but higher production will necessitate designing and building additional plants.[66] An immediate need for such plants may indeed exist: the 600,000 Mcf flowing from Cactus to northern Mexico in mid-1980 was reportedly "wet" and only partially sweetened; that is, it contained light-gasoline products and sulfur, which could rapidly corrode the new *gasoducto*. The Reforma gas ends up in Monterrey, and the 300,000 Mcf earmarked for the United States under the agreement discussed below is supplied from the Monclova fields in the Sabinas Basin.

Generally speaking, the greatest potential for expanded gas consumption lies in the industrial sector. An extensive gas transmission and industrial distribution system already covers seven of the ten economic regions of Mexico. Leading the way have been Monterrey industrialists, who have demonstrated notable efficiency in shifting from oil to natural gas. Assuming that unions can be coaxed into cooperating, there are abundant opportunities to run gaslines into the industrial zone north of Mexico City where Ford, Dow Chemical, and Bacardí have operations. The Federal Electricity Commission claims that it alone could use 60 per cent of the Reforma gas to replace oil as a boiler fuel in its generating plants, and the Rolls Royce Corporation has promoted the use of gas-driven turbines to produce electricity. Insufficient data prevented an assessment of the nationwide conversion effort in late 1980. During the year, gas output grew at a slower rate than oil production because PEMEX shut in selected nonassociated gas wells. The state firm concentrated on the production of "wet" associated gas having high condensate levels in order to obtain gas liquids that could be blended with heavier Campeche, or "Mayan," crude in the production of gasoline, the consumption of which shot up 15.8 per cent in 1979. Natural gas output will probably rise significantly with the

[66] Ibid.



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opening of the Campeche pipeline, making increased quantities available for shipment abroad.

**Negotiations Resume: Pitfalls and Pratfalls**

Once Congress passed the Natural Gas Policy Act, on October 15, 1978, Ambassador Patrick J. Lucey tried to reopen bilateral contacts over the sale of Mexican gas to the United States. A presidential review memorandum (PRM-41), prepared by the CIA and the State Department for the National Security Council as a basis for impending discussions between Carter and López Portillo, urged completion of the negotiations since the lack of an outlet for gas would limit oil production.[67] The final impetus came from the mid-February 1979 summit meeting, which was marked by a host of blunt reminders that Mexico would not permit the Colossus of the North to exploit its hydrocarbons. "Among permanent, not casual, neighbors, surprise moves and sudden deceit or abuse are poisonous fruits that sooner or later have a reverse effect," stated López Portillo in a stinging allusion to American moves on migration, trade, and natural gas.[68]

Carter took advantage of a private meeting with his Mexican counterpart to say that he hoped the two countries could put their troubled past behind them, that a substantial market existed for natural gas in the United States, and that there was a place for Mexican exports in that market. The United States, assured Carter, would be a good customer and pay a fair price for PEMEX exports, should Mexico view it in its interest to sell. At this point, López Portillo launched into a forty-five-minute, emotion-charged discourse on his country's oil industry. He recalled the exploitation of Mexico's wealth by foreign firms; recounted the importance of the 1938 expropriation in his nation's history; discussed the prolific hydrocarbon deposits of the Southeast; reiterated the embarrassment both to himself and his country caused by the breakdown of the natural gas negotiations in 1977; and affirmed that Mexico had plans for its gas other than exporting it to the United States. Nonetheless, he concluded by expressing a willingness to talk once more about a deal between the two countries.[69]

To distill this sentiment into a communiqué at the conclusion of Carter's visit proved a formidable challenge indeed for

[67] *Washington Post*, October 8, 1978.
[68] *New York Times*, February 16, 1979.
[69] Interview with Julius L. Katz, former assistant secretary of state for economic and business affairs, Washington, May 20, 1980.



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the presidential teams. The U.S. side, comprising Secretary of State Cyrus Vance, Assistant Secretary for Inter-American Affairs Viron Vaky, Assistant Secretary for Economic and Business Affairs Julius Katz, and State Department Counselor Matthew Nimetz, sought a general statement about the two governments' decision to explore a deal on natural gas. Roel, Oteyza, and several other Mexican cabinet members insisted on a much more guarded and oblique wording that could not be interpreted by Mexican opinion leaders as capitulation to "Tío Sam." Only a short time before Air Force One's departure for Washington was sufficiently vague wording found.[70]

A U.S. negotiating team headed by Katz and Harry Bergold, assistant secretary of energy, arrived in Mexico City on April 3, 1979, to resume talks. At that session, which proved to be highly preliminary, the Mexicans indicated that conditions had changed since PEMEX and the transmission companies had signed the letter of intent. Now, only 800,000 Mcf per day would be available for the United States — not the possible 2 billion cfd specified in the original memorandum. What had not changed was Mexico's insistence on keying the price to the BTU content of No. 2 oil, which was selling for the equivalent of $3.25 in New York Harbor. The U.S. negotiators, who kept in close touch with Jack Ray and the U.S. firms, took these and new terms into consideration as they agreed to continue working toward an accord: "Their calculation was that López Portillo, under fire from the left, was making a show of walking away from the deal. Their hope was that a subsequent meeting would yield better results."[71]

At the second session, held on May 4 in Washington, the U.S. team stressed the importance of a pricing formula over a specific figure. While agreeing that No. 2 might be an ingredient in any mix adopted, they argued that approximately 80 per cent of the U.S. plants shifting from gas were using No. 6 residual oil, a cheaper and heavier fuel than No. 2. Since No. 6 was, in their view, the chief alternative to gas in U.S. cities, a reasonable yardstick might emerge from a 80:20 weighting of the prices charged for No. 6 and No. 2 in a dozen or more U.S. cities.[72]

The Mexicans, who clung like bulldogs to No. 2, reported that domestic industries were absorbing most of the associated gas

[70] Ibid. For excerpts from the communiqué, see the *New York Times* for February 2, 1980.

[71] Joseph Kraft, "The Mexican Oil Puzzle" (Reporter at Large), *The New Yorker*, October 15, 1979, p. 174.

[72] Interview with Julius L. Katz, Washington, May 20, 1980.



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from the Reforma area. As a result, no more than 300,000 Mcf daily could be sold, and it would be "nonassociated gas" from fields in northern Mexico. The Mexicans said they were not even certain that this smaller amount would be available, thus casting doubt on the feasibility of a gas deal. The U.S. team was, as one official expressed it, "genuinely disappointed. We thought Mexican industry was using so much natural gas that maybe no deal would go through. We saw Santiago Roel and Díaz Serrano and López Portillo making price a matter of national honor. We agreed to keep talking, but without much hope."[73]

A pair of events enhanced the possibility of an agreement when teams from the two countries next met on July 12 in Mexico City. In May, the president had removed Foreign Minister Roel García, who had proved weak and ineffective in the negotiations. Then, in its June session at Geneva, OPEC's oil ministers increased the basic price of crude oil by one-fourth to $18 per barrel. This action led to an across-the-board increase in the prices of all grades of petroleum and its derivatives. For example, the equivalent price of No. 2 had climbed above the $2.76 figure that obtained when the talks collapsed in December 1977. By that time, the price of No. 6 had also risen sharply, making it possible for the U.S. team to agree to a figure well above the $2.60 originally sought by the Mexicans.

Encouraged by recent events, Katz met with important Mexican decisionmakers before the July 12 meeting. To Díaz Serrano, Oteyza, and Jorge Castañeda, who had replaced Roel García as foreign minister, he conveyed the same message: "Let's not get hung up on the past; let's cut a deal; if it's right politically and in the market place, it will grow; if not, we will at least have done our best." He also made it clear that the United States was not "desperate" for Mexican gas and that any price ultimately paid would have to represent the "substitute value" of the fuel in U.S. cities. Katz came away from the three meetings satisfied that strong political support existed for an agreement, but convinced that the United States should shift its attention from formulas to specific prices. Oteyza said he was "ready to be helpful"; Díaz Serrano voiced sympathy for a settlement; and Castañeda urged Katz to come up with a price that could be justified in Mexico. Katz remembered feeling "ten feet tall" upon leaving the foreign minister. "I thought we had a deal," he said.[74]

[73] Kraft, "Mexican Oil Puzzle," p. 175.
[74] Interview with Julius L. Katz, Washington, May 20, 1980.



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This optimism vanished on July 12, when Mexico again proved intransigent on price. Not only did the Mexicans demand a tie to No. 2 fuel oil, they followed the pattern of the first two encounters and refused even to consider any other possibility. At the beginning of the session, the U.S. team asked if their hosts wanted to begin the dialogue. "No," was the reply. The U.S. spokesman next proceeded to sketch his country's position. No response. Not even a suggestion that the proposal — or a part of it — sounded interesting or had any merit. The Mexicans might eventually ask a question tangential to the initial presentation, prompting a desultory and patently unsatisfactory discussion. They refused, however, even to indicate that they felt an agreement was a good idea. The sessions proved "very painful." Nonetheless, Katz's discussions with Díaz Serrano, Oteyza, and Castañeda encouraged him to believe he was in "striking range" of an accord. This assessment Katz shared with the White House on receiving "some additional authority from the President" before the next negotiating session, scheduled for Washington.[75]

At the July 27 session, Katz presented the case for No. 6 and indicated that the United States might agree to $3.30 per Mcf, possibly a bit more. Yet, the Mexicans were unwilling to come to terms.[76] One problem was that PEMEX had been excluded from the negotiations, which were now conducted principally by a representative of the Ministry of Patrimony and Industrial Development, working closely with a colleague from the Ministry of Foreign Relations. Lacking the technical expertise to evaluate the market analysis offered by their U.S. counterparts, the Mexican negotiators resorted to the political demand that the price would have to exceed $4.00, a sum vaguely related to the anticipated higher price of No. 2. The Mexicans knew that any appearance of having "sold out to the gringos" would have unpleasant repercussions at home. At least one U.S. representative to the talks believed Mexico was stalling until Schlesinger's announced departure from the Department of Energy took place. Another U.S. negotiator spoke of an "impasse."[77] The one new wrinkle on the Mexican side was a low-key announcement that their country was again interested in selling associated gas; whereas since spring the Mexicans had talked only of non-associated gas from the North. This unexpected development, the product of a presidential decision, opened up the possibility of

[75] Ibid.
[76] Kraft, "Mexican Oil Puzzle," p. 176.
[77] Ibid.



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much larger exports. It also reflected Mexico's mercurial decision-making — which had thrown the chief U.S. negotiator into a state of "frustration."[78]

So apparent was the reasonableness of exchanging U.S. dollars for Mexican gas that a deal seemed inevitable. A study by the U.S. Congressional Research Service named "Mexican and Canadian gas as the least expensive supplemental source of gas available in the United States."[79] Moreover, such influential voices as the editorial writers of the *Washington Post*[80] insisted that "the time has come to buy the gas." Still, the 1978 Gas Act spurred production so that a supply "bubble" existed in the United States during the 1979 negotiations. As a result, the U.S. representatives felt little pressure to conclude a deal hastily, even though many experts believed expanded gas sales to be a sine qua non of additional oil exports. The situation in the U.S. market made it difficult for the Mexicans to succeed with their intractable approach on the pricing question.

Another problem cast an ominous shadow over the talks. Florida tomato producers charged that Mexican competitors were dumping the fruit on the American market, stood poised to sue in U.S. Federal Court in order to stop the practice. Litigation and the attendant anti-Mexican publicity might well have queered the gas deal. Even though tomatoes had not graced the agenda of the bilateral negotiations, a lawsuit at that point might have seen the Mexicans bolt the conference table. To forestall such a breakdown, Katz persuaded the Florida growers and the Mexican minister of commerce to agree to discuss their differences.[81] Although an amicable settlement proved impossible, the mid-summer quiet diplomacy prevented a blowup from occurring at a particularly precarious stage of the gas talks.

Because of the stalemate, Katz also urged Ambassador Lucey to discuss the situation with the Mexican president in order to determine whether there were any genuine interest in reaching an understanding. Lucey met privately with López Portillo on August 3 and emerged from the session convinced that the Mexican chief executive, who had expressed an interest in concluding the

[78] Interview with Julius L. Katz, Washington, May 20, 1980.

[79] U.S. Congressional Research Service, Library of Congress, *Supplemental Natural Gas Sources: Factors and Policy Issues*, a report prepared for use of the Subcommittee on Energy and Power, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, 95th Congress, 2nd Session, 1979 (Committee Print 95-53), p. 19.

[80] August 6, 1979.

[81] Interview with Julius L. Katz, Washington, May 20, 1980.



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protracted negotiations, had agreed on a price of $3.40. Six days later, the U.S. team arrived in Mexico City with renewed hope of striking a bargain. Much to their dismay, the Mexicans refused the price. Moreover, Foreign Minister Castañeda personally took charge of the talks and explained that Lucey had misunderstood López Portillo, who — after the August 3 tête-à-tête — had met with key energy advisers, several of whom decried the $3.40 figure, casting doubt on the wisdom of private presidential talks with foreign diplomats. The Mexican negotiators insisted that the price would have to be around $3.75 per Mcf and the talks were abruptly adjourned. The U.S. team concluded that Castañeda, resentful of Lucey's attempt to circumvent him and convinced Mexico could secure a higher price, persuaded his chief executive to renege on the agreement. Some members of the U.S. team left the fifth meeting certain that López Portillo had "welshed" on the deal.[82]

The atmosphere surrounding the negotiations was further poisoned with the appearance of Joseph Kraft's syndicated column for August 14, entitled "Mexican Gas Games." The column described the background of the natural gas negotiations, revealed the disappointing outcome of the August 9 session, and chided López Portillo for "playing games" while the Carter administration had "striven mightily to improve relations" with Latin America. Kraft even accused the Mexican president of having misled Ambassador Lucey "in apparent hopes of winning concessions and building up more domestic popularity at a time of American difficulty."[83] Dissemination of this piece acutely embarrassed the Mexican government, particularly its head.

Conditions deteriorated further still on August 23, when Robert C. Krueger, ambassador-at-large designate and U.S. coordinator for Mexican affairs, announced at a press conference that a cable had been dispatched to the Mexican government, urging joint discussions on the huge Ixtoc-1 oilspill that had sent more than 30,000 bpd of crude into the Gulf of Mexico. Such talks, he said, should include "the question of liability and possible alternatives for dealing with claims for compensation for clean-up costs and any damages that may have occurred to property and resources."[84] This statement, the release of which was coordinated with President Carter's party then floating down the Mississippi River, sparked a mordant response from López Portillo. "We were disconcerted

[82] Kraft, "Mexican Oil Puzzle," pp. 176-177.
[83] *Washington Post*, August 14, 1979.
[84] "Oil Spill in the Gulf of Mexico," *U.S. Department of State Bulletin*, October 1979, p. 66.



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because a special ambassador-designate, in one of his first actions and without waiting for a reply, makes public a message of this kind," said the Mexican president. "It is without precedent and constitutes an attitude that is disconcerting." López Portillo further characterized the publication of the U.S. diplomatic note as "some concession to an internal pressure group" — presumably Texan political, business, and labor interests enraged at the damage to their state's fishing and tourist industries.[85] Mexican anger at the Kraft and Krueger pronouncements, combined with U.S. dismay over the stagnant negotiations, raised the specter that the presidential summit, scheduled for late September, would be called off for want of a gas deal to announce.

The prospect that the meeting might be canceled caused both sides to reassess their positions. The White House, sensitive to the domestic political rewards of good relations with Mexico, urged the departments of State and Energy to hammer out a compromise. More important, Castañeda phoned Deputy Secretary of State Warren Christopher to say that he personally favored an agreement and would work to achieve it, provided a U.S. official of suitable rank — preferably the secretary of state — were dispatched to negotiate.[86]

Since Vance was unavailable, Christopher met with Castañeda on August 29 and 30. Discussions focused on price in an effort described as "a bit like throwing darts at a board."[87] The United States offered $3.50 per Mcf, which represented a weighted average of No. 6 and No. 2 prices in selected U.S. cities; Mexico held out for $3.75. Finally, Castañeda, apparently tired of economic arguments, suggested they split the difference, giving rise to the mutually satisfactory price of $3.625. The Mexicans then proposed that they have the right to cancel the deal on ninety days' notice. Christopher returned to Washington to consider both this idea and a suitable escalator on which to base future price increases.

He returned to Mexico City on September 19 to consummate the agreement. The price was fixed at $3.625 as had been determined earlier that month. This figure exceeded both the top price of $2.29 per Mcf allowed for new gas in the United States and the average price of $1.183 per Mcf for gas shipped through major interstate pipelines.[88] The base price, which approximates an 80:20

[85] *Washington Star*, September 30, 1979.
[86] Kraft, "Mexican Oil Puzzle," pp. 178-179.
[87] *Petroleum Intelligence Weekly*, October 1, 1979, p. 6.
[88] *Oil & Gas Journal*, October 1, 1979, p. 40.



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weighted average of No. 2 and No. 6 fuel oils,[89] could be reconsidered before January 1, 1980, if the price of gas "from comparable sources" (read: Canada) were to surpass $3.625. Future increases, to be considered every three months, would be geared to "world crude prices." (Product prices were excluded because of their volatility.) The Tenneco consortium and Mexico later decided that the revision would be based on a market basket of five crudes: Saudi Light, Mexican Isthmus, Algerian Saharan Blend, North Sea Forties, and Venezuelan Tía Juana Medium.[90] The new contract was open-ended with respect to volume and duration: either party could reduce the quantity involved or terminate the agreement with 180 days' notice.[91] Also included was a "take or pay" provision, obligating the U.S. companies to take or pay for up to 75 per cent of the "daily contract quantity."[92]

An existing 30-inch line owned by Texas Eastern Corporation, a consortium member, could be used for the initial volumes of gas. An increased flow, however, required completion of the *gasoducto* to Reynosa (it was finished in mid-1980) and the laying of about 100 miles of line from the Tenneco system in Texas to the Mexican border.[93]

Industry spokesmen in the United States hailed the accord. George Lawrence, president of the American Gas Association, admitted that at the beginning quantities would be small, but he still felt the agreement was "an encouraging start in opening up the significant natural gas resources of Mexico to U.S. markets."[94] While identifying the deal as being in the best interests of the United States, Chester R. Upham, Jr., president of the Texas Independent Producers and Royalty Owners Association, stated that $3.625 represented a fair price for U.S. as well as Mexican sellers. He added: "It is the complex, expensive, illogical pricing schemes and regulations which continue to hold back U.S. gas production, and holding the U.S. price to below the true value of the gas is again dampening the enthusiasm of the nation's gas explorers."[95]

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[89] *Petroleum Intelligence Weekly*, October 1, 1979, p. 6.

[90] The price for a given quarter will be the product of the base price and the crude price average for that quarter divided by the average for the previous quarter. (See *Petroleum Economist*, January 1980, pp. 19-20.)

[91] *Petroleum Intelligence Weekly*, October 1, 1979, p. 6.

[92] The daily contract quantity is 80 per cent of Mexico's surplus gas volume, based on average daily quantities that PEMEX has available for delivery under the contract each calendar month. This surplus may exceed the initial 300,000 Mcf per day contemplated in the contract. (See U.S. General Accounting Office, *Prospects for Stronger United States–Mexico Energy Relationship*, report to Congress by the Comptroller General, Washington, May 1, 1980 (ID-80-11), p. 15.

[93] *Oil & Gas Journal*, October 1, 1979, p. 40.

[94] Ibid.

[95] Ibid.



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The stipulated quantity, far below the 2 billion cfd contemplated in the 1977 arrangement, represented only 8 per cent of U.S. imports and 0.5 per cent of total U.S. consumption. But observers close to both governments felt that the quarterly negotiating sessions would provide relatively unpublicized opportunities to expand the quantity. Slow progress in the Federal Electric Commission's conversion program could leave Mexico with an exportable surplus of 2 billion cubic feet daily in 1980.[96] In fact, Deputy Secretary Christopher indicated that an additional 200,000 Mcf could well be agreed to in the near future.[97]

## The Lessons

Several lessons can be gleaned from the protracted negotiations that produced the 1979 U.S.-Mexican gas deal:

*First,* although reasonable men can disagree, events after the 1977 cancellation of the letter of intent show the prudence of Schlesinger's decision to veto the $2.60 demand. To have accepted that figure, with No. 2 fuel oil as the escalator, would have had the Tenneco consortium paying between $5.00 and $6.00 per Mcf in 1980 — a price that, in a time of ample domestic supplies, would have cost the United States millions of additional dollars. Moreover, the "take or pay" clause could have led to the shut-in of cheaper domestic supplies while PEMEX gas flowed into the country.

*Second,* in retrospect, the arguments against paying $2.60 in 1977 seemed as strong if not stronger than those for meeting the Mexican demand. Yet, the overwhelming majority of the newspapers, journals of opinion, industry publications, and politicians addressing the subject urged the U.S. government to accept the Mexican figure and decried Schlesinger's intransigence. Jorge Díaz Serrano has done a superb job of convincing American opinion leaders that Mexico is a cornucopia of oil. Conversely, the U.S. State and Energy departments have failed to persuade this same audience of the merits of hard bargaining with a seller who needs the American market as much as U.S. consumers need his product.

*Third,* the negotiations have taught the Mexicans a great deal about the U.S. political system, especially the regulatory process, while the United States has learned something about Mexico's centralized, authoritarian approach to decisionmaking. Neither side, however, has developed means considered objective at home for obtaining vital data about energy use in the other country. Mexicans,

[96] *Latin America Economic Report,* August 17, 1979, p. 252.
[97] Ibid.



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for example, even after months of contact were skeptical, if not antagonistic, toward market analyses of alternative fuels consumed in U.S. cities. Moreover, they remain unhappy with the escalator contained in the 1979 contract and will, at the first convenient opportunity, seek to modify it to their benefit. For its part, the United States never had — and does not possess today — a clear idea of Mexico's success in converting from fuel oil to gas, a critical gap in information unlikely to be filled so long as the U.S. Foreign Service lacks scientifically trained personnel and the American embassy in Mexico City has only one petroleum attaché. Bureaucratic competition militates against one solution to this serious problem; that is, drawing on Department of Energy geologists or petroleum engineers to serve as attachés.

*Fourth,* to begin shipping Mexican gas holds symbolic as well as economic significance. Volumes should increase because of the slowness of conversion and the greater quantities available from Campeche's large reservoirs with the opening of the offshore pipeline. Despite the posturing of Mexican officials during the 1979 negotiations, PEMEX recognizes the export potential of the Reforma and Campeche fields. After all, only dry gas from the North reached the United States through late-1980. As a result, the state firm incurred the additional expense of having its contractors lay double segments of the 48-inch pipe at all river, highway, and railroad crossings from Cactus to northern Mexico. In fact PEMEX's right-of-way is wide enough to accommodate three additional *gasoductos.* PEMEX has also begun taking bids on compressors from Ingersoll Rand and, presumably, from other foreign companies.

*Fifth,* while quantities will probably expand, the decision to ship more gas will not be made exclusively in unobtrusive negotiating sessions such as those specified each quarter under the terms of the agreement. Despite both governments' preference for quiet diplomacy, the proposed importation of additional volumes will give rise to hearings before Washington regulatory agencies. Transmission companies such as the United Gas Pipeline Company, Panhandle Eastern Pipeline Company, and Northern Natural Gas Company acquiesced when the Tenneco consortium acquired 300,000 Mcf per day from Mexico. But these and other firms want a share of any additional gas that flows to McAllen, ensuring that hearings will be anything but quiet. As Jack Ray put it, "Every son-of-a-bitch big enough to grow a mustache will try to get some of that gas."[98]

[98] Interview with Jack H. Ray, Houston, May 20, 1980.



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*Sixth,* the 1979 negotiations showed the "negative linkage" that occurs when attempts are made to relate energy to other outstanding issues between two countries. Had Assistant Secretary Katz not embarked upon a good-faith effort to resolve the tomato controversy, Mexico might have spurned further talks on gas. Yet, his initiative apparently did nothing to move the Mexicans toward a settlement. Once again, the pitfalls of linking energy questions with trade issues, illegal immigration problems, pollution control, and so on become manifest.

*Seventh,* the presence of Katz, a skilled and respected diplomat, at the head of the U.S. team enhanced cohesion on the U.S. side and ensured a forceful State Department role in the gas negotiations. Katz's retirement from public service has left a leadership vacuum, and uncertainty prevails over which agency is responsible for energy relations with the United States' southern neighbor. On one hand, Assistant Secretary of Energy Leslie J. Goldman has skillfully cultivated personal relationships both with high-level Energy Department officials and with their Mexican counterparts, practicing the "closet diplomacy"[99] so dear to the hearts of Mexico City's officialdom. Ambassador Krueger, on the other hand, who has remained at the margin of energy matters, championed the Consultative Mechanism's Energy Group, which held its first meeting in Albuquerque, New Mexico, in late August 1980.[100] Supporters of the Energy Group see in it a continuing forum for middle-level U.S. and Mexican leaders and their staffs to become acquainted with each other, learn of their respective concerns, and anticipate — rather than (as has too often occurred) simply react to — emerging problems. Detractors view the group as unwieldy and highly visible, likely to draw the kind of attention that Mexican representatives disdain.

At the request of the Mexicans, who resisted discussing potentially sensitive issues, the Albuquerque meeting focused on such uncontroversial topics as technical cooperation, an evaluation of the current oil market, and the exchange of electricity between

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[99] The Mexican preference for establishing personal, unpublicized contacts with high-level U.S. officials has been discussed in David Ronfeldt and Caesar Sereseres, "Immigration Issues Affecting U.S.-Mexican Relations," El Colegio de México Symposium on Structural Factors Contributing to Current Patterns of Migration in Mexico and the Caribbean Basin, Washington, June 28-30, 1978 (mimeo.), p. 8.

[100] The Consultative Mechanism, established in 1977 and reformulated two years later, is designed to facilitate a dialogue between the two countries. It embraces a "Multilateral Working Group," consisting of the U.S. secretary of state and his Mexican counterpart, and bilateral groups in trade, industry, finance, migration, border problems, law enforcement, tourism, and energy.



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border cities. Another meeting of the body will take place early in 1981.

The "personal" and "institutional" styles may not be mutually exclusive. After all, the State and Energy departments jointly chair the Energy Group, and the powers-that-be within the Department of Energy recognize — albeit begrudgingly — that State must ultimately be included in key decisions on energy policy, given its profound impact on foreign affairs.

Still, the difference in style reflects a bureaucratic power struggle that may be more destructive than creative, especially if it confuses North Americans and Mexicans alike over responsibility for energy matters. Such confusion should be eliminated by early 1981, when Mexico will probably try to renegotiate the pricing provisions of the natural gas agreement.

*Finally,* Ronald Reagan, John Connally, and Edmund G. Brown, Jr., have all spoken enthusiastically about a common market embracing Mexico, Canada, and the United States. The cold reception accorded this proposal by Mexican and Canadian leaders as well as by the Carter administration guarantees that it will live only in campaign oratory. What has become an actuality is the attention lavished by Canada and Mexico on the prices received by the other's natural gas — followed by prompt action to obtain the same price. This "ratcheting" last occurred when Mexico, which had agreed on $3.625 per Mcf unless "comparable suppliers" should secure a higher price by January 1, 1980, sought the $4.47 announced by Canada on January 17. The Mexicans claimed that to accept less than what Canada was able to get would be politically intolerable at home. Castañeda was caught in the politically awkward position of receiving less than Canada because, notwithstanding a greater flow of information on Canadian production and pricing from Mexico's embassy in Ottawa, he had not followed the deliberations of Canada's National Energy Board. Such deliberations made clear the likelihood of a price increase in early 1980. The U.S. government quickly agreed to the demand lest a refusal upset the agreement — with adverse consequences for President Carter in a campaign year when the votes of Mexican-Americans loomed larger than ever.

By ensuring that foreign fuels will have to compete in the U.S. marketplace, deregulation of gas prices in the United States may be the best way to handle the "follow the leader" phenomenon. In the meantime, the Department of Energy should fashion a policy on gas imports to replace the politically inspired crazy quilt of actions exemplified by the payment of $4.47 to the Mexicans. One



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approach would be to devise an empirically based standard — a combination of No. 2 and No. 6 fuel prices in selected U.S. cities — for determining the border price of imports. Discounts from the border price could be permitted, depending upon the distance to the ultimate market. As the gas deal with Mexico demonstrated, the failure to take such a concerted action means that pricing decisions greatly affecting U.S. residential, commercial, and industrial consumers will continue to be made in Mexico City or Ottawa rather than in Washington.



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# THE UNITED STATES, THE REPUBLIC OF CHINA, AND THE TAIWAN RELATIONS ACT*

by A. James Gregor

When, in the winter of 1978, the Carter administration decided (for whatever reasons) [1] to withdraw diplomatic recognition from the Republic of China on Taiwan, the announcement was accompanied by the insistence that nothing would be done to jeopardize the economic growth, prosperity, or security of Taiwan. The administration reassured its critics that Taiwan faced not only a secure but a "prosperous" future.[2] When the president delivered his administration's proposed legislation, bill S. 245, designed to provide the legal basis for continued "commercial, cultural and other relations with the people on Taiwan on an unofficial basis," it was with the express intention of providing for the "future security and well-being of the people of Taiwan." America's "long alliance with Taiwan," it was affirmed, "demands that this be given careful consideration." The Carter administration recognized that the people of Taiwan had "demonstrated extraordinary diligence in developing one of the world's fastest growing economies." It was acknowledged, moreover, that "equally impressive has been their record in reducing the gap in living standards between the rich and the poor on the island itself." Because such achievements "are all too rare in today's world," the administration went on, "American policy should be to encourage continued economic progress on Taiwan." [3]

* The author acknowledges the assistance and support of the Institute of International Studies, University of California, Berkeley, and the Pacific Cultural Foundation in the preparation of this article.

[1] For a discussion of some of the considerations that led to the severance of diplomatic relations, see Edwin K. Snyder, A. James Gregor, and Maria H. Chang, *The Taiwan Relations Act and the Defense of the Republic of China* (Berkeley, Calif.: Institute of International Studies, 1980), chap. 1.

[2] See Harry Harding, Jr., *China and the U.S.: Normalization and Beyond* (New York: Foreign Policy Association, 1979), p. 13.

[3] See "Opening Statement" and text of S. 245, in *Taiwan: Hearings Before the*

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When the Senate Committee on Foreign Relations undertook hearings on the proposed legislation, however, Senator Frank Church, chairman of the committee, opened the discussion by expressing strong reservations about the bill. It seemed, in his judgment, to be "woefully inadequate to the task, ambiguous in language, and uncertain in tone."[4] That judgment seemed to be shared by most members of the committee. The result was quite a different piece of legislation than had been suggested by the Carter administration. The Taiwan Relations Act (Public Law 98-6) was much more clearly focused than the bill originally proposed. It attempted, in fact, to secure continued U.S. support for Taiwan on every level — military, economic, and cultural.

## II

With good reason, much of the attention of the Foreign Relations Committee focused on the security needs of our long-time ally in the Pacific.[5] Consequently, most of the discussion turned on just such issues. It seemed that many members of the committee were satisfied with administration assurances that the economic relationship between the United States and Taiwan would not in any way be impaired. More than that, it was effectively argued that the economic well-being of Taiwan had not suffered from the termination of its diplomatic relations with Canada, Japan, or Europe — and that there was no reason to believe that similar action by the United States would be any more prejudicial to Taiwan's economic prosperity.[6]

The administration's arguments, then, seemed to have been sufficiently persuasive to allay most of the committee's concern about the island's economic future. The committee appeared to be much more concerned with the military security of our former ally, and most of the discussion that preceded the mark-up of the Taiwan Relations Act had to do with the security of the nation — the Re-

*Committee on Foreign Relations, United States Senate* (Washington: GPO, 1979), pp. 1 and 3. (Hereafter, *Taiwan Hearings.*)

[4] Ibid., p. 11.

[5] See Robert L. Downen, *The Taiwan Pawn in the China Game: Congress to the Rescue* (Washington: Center for Strategic and International Studies, 1979), pp. 41-52.

[6] This was the standard argument of administration spokesman Hodding Carter III. In a letter to me, dated January 18, 1979, Hodding Carter said: "President Carter has repeatedly emphasized his firm determination that normalization of relations between the United States and the PRC will not jeopardize the well-being of the people on Taiwan. . . . Japan's trade with Taiwan has grown over 233 percent since Tokyo established relations with the PRC in 1972; Australia's has grown by 370 percent; and Canada's by 539 percent. Taiwan's underlying economic strength and its political and social cohesion and stability augur well for the future."



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public of China — that the United States had hitherto recognized as one of its most faithful allies in the Pacific. The Carter administration had given so many assurances about America's support of Taiwan's economy that there was every reason to believe that the Senate, and the House, might better employ their energies by trying to ensure the military defense of the island.

That the Republic of China on Taiwan faces a hazardous future there can be little doubt. Given the forces available to the communist regime on the mainland, the military security of the island is a matter of genuine concern. For this reason, the Taiwan Relations Act specifically attempted to substitute an "informal" security guarantee to the Republic of China[7] for the Mutual Defense Treaty, whose termination the People's Republic of China had made a precondition to "normalization" of relations with the United States. Significantly less attention was paid to the maintenance of the economic integrity of Taiwan — simply because America's interests in that regard were so evident that they did not require emphasis by Congress.

Since 1950, Taiwan, supported by American economic and technical assistance, had enjoyed one of the most spectacularly successful programs of economic and industrial development in the contemporary world.[8] Not only had Taiwan maintained one of the highest levels of economic development and industrialization in Asia, it had distributed burdens and benefits alike more equitably than had almost any other modernizing nation.[9]

By 1978, Taiwan had become one of the principal trading partners of the United States. Between 1952 and 1978, American investors had provided $1,924 million in capital investment for hundreds of projects on Taiwan, and had provided 44.1 per cent

[7] See comments by Professor Parris Chang and Senators Joseph R. Biden, Dennis DeConcini, and Charles Percy, in *Taiwan Hearings*, pp. 39, 70, 415, 433.

[8] See Ramon H. Myers, "The Economic Development of Taiwan," in Hungdah Chiu, ed., *China and the Question of Taiwan: Documents and Analysis* (New York: Praeger, 1973); Kung-chia Yeh, "Economic Growth: An Overview," in Wu Yuan-li and Yeh Kung-chia, eds., *Growth, Distribution, and Social Change: Essays on the Economy of the Republic of China* (Baltimore: University of Maryland, 1978); Keith Griffin, "An Assessment of Development in Taiwan," *World Development*, June 1973; Kowie Chang, ed., *Economic Development in Taiwan* (Taipei: Cheng Chung, 1968); Alice H. Amsden, "Taiwan's Economic History," *Modern China*, July 1979; Jan S. Prybyla, "Economic Development in Taiwan," in Hungdah Chiu, ed., *China and the Taiwan Issue* (New York: Praeger, 1979); and Jürgen Domes, "Aspekte des politischen Systems der Republik China auf T'aiwan," *Zeitshrift für Politik*, September 1978.

[9] Wei Yung, "Modernization Process in Taiwan: An Allocative Analysis," *Asian Survey*, March 1976; Jan S. Prybyla, *The Societal Objective of Wealth, Growth, Stability and Equity in Taiwan* (Baltimore: University of Maryland, 1978); Yuan-li Wu, *Income Distribution in the Process of Economic Growth of the Republic of China* (Baltimore: University of Maryland, 1977).



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of the total foreign capital active on the island. Over the past decade, the export trade of Taiwan has increased at 30 per cent annually, bilateral trade between the United States and Taiwan involving $7.2 billion in 1978 — trade soon expected to exceed $10 billion.[10]

The growth rate of the island's economy (in constant prices) was 12.8 per cent in 1978, accelerating from an 8.8 per cent annual growth rate for the preceding decade. The gross national product was $24.71 billion, and the per capita income rose to $1,304. Since 1952, per capita income on Taiwan increased at an annual rate of 5.6 per cent, making its growth rate higher than that of any country in Asia except for Japan. Despite a population growth rate that has averaged more than 3 per cent annually since 1952, the per capita income of the citizens of Taiwan has risen significantly faster than per capita income of the Philippines, the People's Republic of China, or India, all of which have lower population growth rates.[11]

The general index of growth in agricultural production on Taiwan rose from a base line of 100 in 1952 to 287 in 1978. Crop production increased at an average annual rate in real yield of 3 per cent; fisheries harvests increased at 8.6 per cent per year; and livestock increased at 7.4 per cent annually. A most notable development has been in industrial production, where the growth rate of 1978 was 25.4 per cent. Since 1953, the annual growth of industry has averaged 15.9 per cent; public utilities, 12.3 per cent; and housing construction, 27.1 per cent.

In 1952, agricultural production made up some 36 per cent of net domestic product (NDP), and industry contributed less than 18 per cent. By 1978, in contrast, industrial production constituted 40 per cent of NDP, and agricultural production had declined to 12 per cent.[12] In effect, Taiwan, with the benefit of American economic and technical aid, had made a most successful transit from an essentially agrarian and traditional economy to one that is substantially modern and industrialized. Though not the first nation to receive economic and technical assistance from the United States, Taiwan was the first to achieve sufficient economic

[10] Tsai Wei-ping, "A Review of US-ROC Trade Relations, 1950-1978," a speech delivered at the U.S. Western Governors' Conference, Honolulu, June 14, 1978; *Economic Development in the Republic of China* (Taipei: Ministry of Economic Affairs, Economic Advisory Office, March 1979).

[11] Yeh, "Economic Growth: An Overview," pp. 14-17.

[12] See K. T. Li, *The Experience of Dynamic Economic Growth on Taiwan* (Taipei: Mei Ya, 1976); *Economic Indicators: Taiwan, Republic of China* (Taipei: Ministry of Economic Affairs, Economic Advisory Office, June 1978).



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maturity to warrant the cessation of foreign aid. After 1950, the intervention of the United States stabilized the political situation on Taiwan and deterred the People's Republic from a military adventure designed to overwhelm the island.

Even under the successive shocks of fossil fuel shortfall and sustained inflation, Taiwan's economy continued to prosper. While most countries in the noncommunist world were suffering two-digit inflation rates, wholesale prices in Taiwan increased by only 3.02 per cent annually between 1976 and 1978 (the urban consumer price index rising 5.10 per cent annually during the same period). In 1978, the unemployment rate was 1.67 per cent, dropping from a rate of only 3.12 per cent in 1966. At the same time, the disparity in family income between the top 20 per cent and the lowest 20 per cent of all families declined from a ratio of 20:1 in 1952 to 4.21:1 in 1977, significantly better than any developing nation in Asia, Latin America, or Africa.

The enrollment rate of Taiwan's school-age children was 99.4 per cent in 1977, and education (nine years) is available to all at public expense. Life expectancy rose from 58 years in 1952 to 71.3 years in 1977. Since 1958, a social security and welfare system has been instituted, providing occupational-hazard and medical insurance for a significant portion of the labor force. The revised plan for the second three-year period (1979-1981) of the Six-Year Plan for the Economic Development of Taiwan anticipates further growth in the economy, increased longevity, and improved health, social welfare, and education.[13]

## III

Perhaps more important for the foreign policy of the United States is the fact that the impressive economic development of Taiwan gives the lie to almost every criticism leveled against American economic aid and assistance policies. For nearly a generation, domestic and foreign critics alike have argued that those policies, together with the very nature of international money-market economic relations, constitute the major disability thwart-

[13] The most comprehensive data on the economy of Taiwan are available in the *Statistical Yearbook of the Republic of China: 1977* (Taipei: Executive Yuan, 1978). Summary statistical abstracts are to be found in *China Yearbook: 1978* (Taipei: China Publishing, September 1978), *Taiwan Statistical Data Book: 1979* (Taipei: Executive Yuan, 1979), and *Revised Plan for the Second Three-Year Period (1979-81) of the Six-Year Plan for the Economic Development of Taiwan, Republic of China* (Taipei: Executive Yuan, November 1978). For detailed treatment of income distribution and social welfare programs, see Wu, *Income Distribution*, and Prybyla, *Societal Objective*.



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ing the social and economic progress of the developing world. Involvement in the nonsocialist international system, so the argument goes, inhibits industrial development, relegating less-developed economic systems to the nonindustrial, and less dynamic, forms of growth associated with agriculture and extractive industry. Furthermore, it is argued, even if there should be some development in the manufacturing sectors of underdeveloped economies, those sectors will be controlled by multinational corporations based in the advanced "core nations" of Europe, North America, and Japan.[14]

It is evident that none of this is true in the case of Taiwan. The Republic of China on Taiwan — unblessed by subsoil resources, with a population density that is one of the two highest in the world, having suffered considerable infrastructural damage during World War II — managed, with American assistance, to make the transition from an agricultural to an industrialized economy, while lodged firmly within the "international capitalist system." Moreover, its industries have neither been owned nor controlled by foreigners. Taiwan controls its own economy. The standard criticism of U.S. aid policies and the general critique of international money-market relations simply cannot come to grips with the Taiwan phenomenon.[15] From the very beginning of its development, Taiwan's economy was more integrated into the international capitalist system of trade and investment than almost any other country in similar circumstances. Nonetheless, Taiwan took off on a trajectory of economic growth that has been a model of development. Clearly, the popular notion that a capitalist economy like that of the United States necessarily "exploits" underdeveloped countries[16] does not hold up when seen against the Taiwanese experience.

Thus, for the United States the development of Taiwan is a showcase of nonexploitative international cooperation and effective economic aid. Few other instances of such remarkable success in international cooperation exist. On Taiwan the United States has demonstrated a willingness and a capacity to contribute

[14] There is a vast literature on "dependency theory." Among the most explicit are James D. Cockroft et al., *Dependence and Underdevelopment: Latin America's Political Economy* (New York: Monthly Review, 1972), Samir Amin, *Accumulation on a World Scale: A Critique of the Theory of Underdevelopment* (New York: Monthly Review, 1974), and Immanuel Wallerstein, *The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* (New York: Academic Press, 1974).

[15] Amsden, "Taiwan's Economic History," p. 342.

[16] For a general review of dependency theory, see Tony Smith, "The Underdevelopment of Development Literature: The Case of Dependency Theory," *World Politics*, January 1979.



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significantly to the economic development and industrialization of a less-developed community. Nor has that development been at the expense of the subaltern members of society. In a world where the United States can advertise few successes, then, its success on Taiwan stands out as a signal achievement.

Taiwan constitutes the litmus test of all those criticisms, so frequently bruited, characterizing the United States as the "neo-imperialist" exploiter of the Third World. If American investment and bilateral trade relations with the United States bring economic retardation and collective poverty as a predictable consequence, then the Taiwan case is a serious anomaly. If involvement in international capitalist trade inevitably brings exploitative elite rule at home, then the changes in public welfare and income-distribution patterns on Taiwan are again a compelling exception. To all those critics of America's international economic policies, the case of Taiwan constitutes a concrete and impressive counterargument. The Taiwan Relations Act was promulgated in order to defend and secure this notable achievement in international cooperation and economic development.

In his opening remarks to the Committee on Foreign Relations, Senator Church insisted that "American policy [after 'derecognition'] should be to encourage continued economic progress on Taiwan."[17] Indeed, the Taiwan Relations Act was predicated on explicit assurances from the Carter administration that continued economic and cultural relations between the United States and Taiwan would not be impaired in any way. The Honorable Warren Christopher, deputy secretary of state, assured the Committee on Foreign Relations that the Carter administration "has consistently maintained that normalization must be carried out in ways which do not jeopardize the well-being of the people on Taiwan. Toward that end, the President has repeatedly affirmed our commitment to maintain commercial, cultural, and other relations with the people on Taiwan on an unofficial basis. . . . [We] have moved to assure that with the exception of the mutual defense treaty and related agreements, *our many treaties and other agreements with Taiwan — more than 55 in all — will remain in force.*"[18] In his prepared statement before the committee, Deputy Secretary Christopher reaffirmed this explicit commitment;[19] and, in response to a query by Senator S. I. Hayakawa about how those treaties

[17] *Taiwan Hearings*, p. 1.
[18] Ibid., pp. 14-15. (Emphasis added.)
[19] Ibid., p. 19.



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could remain in force with an "entity" not formally recognized, the deputy secretary of state stated:

> the people of Taiwan will be treated as if they are a country for purposes of continuing these treaties in force. What we are asking the Congress to do is to take a similar step, and that is to provide that wherever the word "nation" or "country" is referred to in a statute which might authorize a treaty, that the people on Taiwan will qualify. . . . The United States, I think would find no difficulty if the legislation is passed in treating the people on Taiwan as a valid treaty partner for purposes of *important treaties, such aviation arrangements* [and] nuclear supply arrangements that now exist. Under international law, I think that our judgment is clear that it is legally permissible to have a treaty or an agreement with an entity that is not formally recognized as a government.[20]

The Carter administration's position on these issues was unusually clear. The United States had every reason, predicated on economic, security, and moral interest, to protect and foster the economic growth and integrity of Taiwan. To ensure that growth and integrity, the United States would continue all treaties, other than the Mutual Defense Treaty, in force. Although the United States had formally recognized the People's Republic of China as the sole legal government of China, and had acknowledged the Chinese position that Taiwan is part of China, the United States did not itself agree to that position.[21] The United States had *not* assumed a position on the status of Taiwan under international law, but was regarding Taiwan as a country for the purposes of domestic law. Taiwan, then, was considered a valid treaty partner for the purposes of a variety of arrangements, the civil aviation agreement foremost among them.[22]

## IV

In the year following the enactment of the Taiwan Relations Act into law, we have gained some insight into how much confidence Congress can have about the intentions of the Carter administration to implement the law's provisions effectively. Within six months after the passage of that enabling legislation, spokesmen for the administration announced that the United States would terminate the Air Transport Agreement between the United States and Taiwan — entered into force on December 20, 1946, and

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[20] Ibid., pp. 48-49. (Emphasis added.)

[21] *Taiwan Enabling Act: Report of the Committee on Foreign Relations, United States Senate, Together with Additional Views on S. 245* (Washington: GPO, 1979), p. 7.

[22] See the response of the Honorable Herbert J. Hansell, legal adviser to the Department of State, ibid., p. 92.



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amended and extended by agreement on December 20, 1950, and October 22, 1969 — and that it would be replaced by an "unofficial agreement." Contrary to the explicit assurances provided by recognized spokesmen for the administration that all treaties and arrangements would remain in force — assurances motivated by the express intention of guaranteeing the economic growth and integrity of Taiwan — Congress was informed that a major bilateral arrangement between the United States and Taiwan was to be terminated.

Such a suggestion had every appearance of callous and cynical disregard for assurances freely and openly given on the occasion of congressional deliberations over future relations between the United States and the 17 million people on Taiwan. The Senate Committee on Foreign Relations was repeatedly assured that *all* treaties between the United States and Taiwan, save the one concerning mutual defense obligations, would remain in force after passage of the Taiwan Relations Act. With the termination of the Air Transport Agreement, Congress could only conclude that those assurances were either thoughtless avowals or calculated deceptions.

What is at risk is the very credibility of assurances solemnly given by the government of the United States. To be more specific, what is in jeopardy is the integrity of American foreign policy itself. For more than a generation, four administrations have insisted that the United States will never allow even the appearance of abandoning the people of Taiwan.

The continued economic growth and security of Taiwan requires confidence in the continued support of its principal trading partners, the United States foremost among them. Adherence to guarantees once given is an essential form of support for the continuance of international trade and investment. Taiwan, perhaps more than any other developing nation, is critically dependent on the credibility of assurances given by its trade and investment partners. Section 4(c) of the Taiwan Relations Act stipulates that "for all purposes, including actions in any court in the United States, *the Congress approves the continuation in force of all treaties and other international agreements,* including multilateral conventions, entered into by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and in force between them on December 31, 1978, unless and until terminated in accordance with law." (Emphasis added.) The United States proceeded to the termination of the Air Transport Agreement, contrary to every



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formal assurance embodied in testimony and law, and thereby rendered every agreement, treaty, and convention uncertain — something that could have only an adverse effect on the economic future of Taiwan.

That Taiwan, through creative and innovative diplomacy, has managed to maintain and enhance its international trade and investment relations on an "unofficial" basis in the past does not mean that it can continue to prosper should the United States violate its express commitments to maintain all treaties and agreements with Taiwan. The mechanisms that have served Taiwan's trade and investment needs in the past have rested, directly or indirectly, on the continued existence of formal American support. Every trade and investment partner has understood that, so long as the United States afforded the assurances for Taiwan's economic well-being, their informal arrangements had substance. Should the United States now, contrary to every solemn promise, withdraw that support and attempt to reduce all treaty relations with Taiwan to "unofficial" mechanisms, the security and economic stability of Taiwan may well be hopelessly compromised. The business community could have no confidence in the integrity of any assurance given — all arrangements having collapsed into "unofficial" and "informal" mechanisms that political expediency or executive caprice might terminate or violate at will.

The action of the Carter administration suggested that, contrary to all assurances, the termination of the Air Transport Agreement was only the first such action — to be followed by the reduction of all treaty arrangements to informal agreements. If Congress, and the international business community, can have no confidence in assurances formally given by the administration in testimony and in statutory law, then how much confidence can be placed in the proposed informal arrangements?

The fact is, there was no *substantive* reason why the Air Transport Agreement should not have remained in force. Under contemporary international law and prevailing national legislation, any nation that effectively controls its airspace is considered to have de facto "sovereignty" over that airspace for the purposes of bilateral or multilateral civil air transport arrangements.[23] So long as the authorities on Taiwan maintain de facto control over the island's population and engage in foreign relations, the Republic of China may be deemed to be a valid treaty partner — a point

[23] See *Convention on International Civil Aviation* (1944), Chicago, 61 Stat. 1180, T.I.A.S. No. 1591, 51 U.N.T.S. 295.



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that provided the legal basis for the Carter administration's argument that all treaties with Taiwan would remain in force after "derecognition."[24]

The fact that the authorities on Taiwan had, by an exchange of notes in 1950, modified the Air Transport Agreement to apply only to the territory of Taiwan[25] could have permitted the United States to enter into agreements with the People's Republic concerning bilateral air transport rights on the Chinese mainland without entering into conflict with arrangements governing similar rights on Taiwan. Since both the United States and the authorities on Taiwan had, by 1950, evidently intended the Air Transport Agreement to apply only to those territories effectively controlled by Taiwan, no subsequent change in the international status of Taiwan need have affected its continued application.

In discussions with the Senate Foreign Relations Committee, the Honorable Richard Holbrooke, assistant secretary of state for East Asian and Pacific affairs, responding to queries from Senator Jacob Javits concerning the proposed termination of the Air Transport Agreement and its substitution with one that was "informal," suggested that the then-extant agreement with Taiwan was "inoperable." This was so, he argued, because it pretended to govern "air traffic between the United States and all of China, by which I meant the mainland of China as well as the island" — a contention that was incorrect. The Air Transport Agreement between the United States and Taiwan, though signed in Nanking [Nanjing] in 1946 and applicable to all of China at that time, was amended by an exchange of notes in 1950 to apply *only to Taiwan*, any agreement on mainland routes to be determined at some future, more auspicious time. The amendment to the Air Transport Agreement, entering into force on October 22, 1969, specified the air routes covered by the agreement, *and these included only Taipei and Kaohsiung on Taiwan*. Service on any mainland route was to remain the subject of subsequent consultation and agreement.

When the United States began negotiating with the People's Republic, the time for such consultation and agreement had come, and all that was required, both in principle and in conformity with the Air Transport Agreement, was a final specification of routes covered by that agreement, vacating any reference

[24] See *Restatement (Second) of Foreign Relations Law of the United States*, para. 4 (1965).

[25] *Exchange of Notes (Amendment)*, December 20, 1950, T.I.A.S. No. 1609, 6773; *Air Transport Services*, T.I.A.S. No. 2184. See Victor H. Li, *Derecognizing Taiwan* (New York: Carnegie Endowment for International Peace, 1977), pp. 31-32.



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to mainland routes. This could have been accomplished by consultation and an exchange of notes with Taiwan. *Such an exchange simply would have made explicit what had been accepted for three decades.* Neither the termination of the agreement with Taiwan nor its reduction to an "informal" instrument was required.

Taiwan, by the Carter administration's express admission, is a valid treaty partner, and the Air Transport Agreement was a valid agreement between treaty partners. All that was required, to avoid any ambiguity whatsoever, was an exchange of notes. The United States would thus have acted according to the letter and the spirit of the Taiwan Relations Act and would have given substance to the many assurances tendered by administration spokesmen to the effect that all treaties with Taiwan would remain in force after derecognition.

Most international jurists agree that the withdrawal of international recognition does not affect treaty relations between treaty partners.[26] In the case of the Air Transport Agreement with Taiwan, that recognition was enhanced by the statutory commitment contained in the Taiwan Relations Act, which specifically mandated that all treaties between the United States and Taiwan remain in force after derecognition.[27] In effect, there was no reason that the Air Transport Agreement should not have remained in force. Not only did the decision to reduce the formal agreement to one that was informal impair the credibility of assurances solemnly given by the United States, it significantly reduced the attractiveness of Taiwan as an investment opportunity and as a secure trade partner.

"Informal" and "unofficial" arrangements do not have the force of treaties and executive agreements and, consequently, convey less security and stability. In immediate response to the announcement of the proposed termination of the Air Transport Agreement came the firm negative reaction of Robert P. Parker, president of the American Chamber of Commerce on Taiwan. Parker reminded the Carter administration that the proposal to terminate the agreement was "directly contrary to representations made" to the business community on Taiwan: namely, that "treaties and other international agreements between the United States and

[26] See Oppenheim, *I International Law* 939 (8th ed., 1955), and *Restatement*, para. 98(2).

[27] For a detailed treatment of U.S.-Taiwan relations concerning civil aviation, see Jack C. Young, *The Dragon and the Eagle: A Study of U.S.-China Relations in Civil Air Transport* (Baltimore: University of Maryland, 1978).



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Taiwan at the time of normalization will remain in force [with the exception of] the Mutual Defense Treaty and related agreements."[28]

Without the security provided by firm and binding agreements between the two parties, American economic interests on Taiwan can only suffer. More than that, the entire economic future of Taiwan has been clouded. While it is true that the Taiwanese have shown admirable ingenuity in the face of adversity and have devised a variety of informal mechanisms to maintain international trade and investment, it is also clear that further erosion of Taiwanese international legal security can work only to the detriment of Taiwan's continued growth and prosperity. Our air transport, commercial, friendship, and navigation arrangements with Taiwan are critical not only to the future of Taiwan but to the stability and integrity of the entire Western Pacific. Whatever reasons may have motivated the Carter administration's decision to terminate the Air Transport Agreement, that decision violated both the spirit and the letter of the Taiwan Relations Act, contradicted every administration assurance offered during the deliberations antecedent to the passage of that act, seriously threatened the economic future of Taiwan, and imperiled the interests of the American business community that has invested so much in the bilateral trade between the United States and Taiwan. That decision, moreover, suggested that the United States is an inconstant and feckless partner — of little support to the millions of Taiwan who trust in us and of little use to the People's Republic of China, which expects our aid in times of crisis.

## V

The termination of the Air Transport Agreement was not a special case. This is attested to by the State Department's involvement in the International Olympic Committee's decision requiring the Republic of China to forgo use of its flag and anthem should it wish to participate in the Moscow Games. The State Department is reported to have urged the Olympic Committee to insist on those conditions in order to placate the People's Republic of China. Similarly, the State Department did nothing to obstruct Taiwan's expulsion, at the insistence of Beijing, from the International Monetary Fund, an organization in which the Republic of China had served as a founding member. In the thirty-five years of the IMF's

[28] See Parker's cable to President Carter, reproduced in the *China Post* (Taipei), September 21, 1979.



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history, Taiwan has been one of its most responsible members, scrupulously observing the stipulations of the Fund Agreement. Nonetheless, when the People's Republic insisted that the Republic of China be expelled from the IMF, neither the Fund's Executive Council nor the Carter administration intervened. Section 4(d) of the Taiwan Relations Act provides that "nothing in this Act may be construed as a basis for supporting the exclusion or expulsion of Taiwan from continued membership in any international financial institution or any other international organization." Still the Carter administration did nothing to obstruct the purposes of Beijing in seeking Taiwan's expulsion from the Fund.

As if all that were not enough, in May 1980 State Department and Customs Commissioner Robert Chasen announced that after December 1, 1980, the U.S. Customs Service would require all imported goods manufactured in the Republic of China to be identified not as "Made in the ROC" but, rather, as "Made in Taiwan." The implication of this ruling was that the Republic of China, *for the purposes of domestic law,* was no longer a legal entity. Yet, Section 4(3A) of the Taiwan Relations Act clearly specifies that "the absence of diplomatic relations and recognition with respect to Taiwan shall not abrogate, infringe, modify, deny, or otherwise affect in any way rights or obligations . . . under the laws of the United States heretofore or hereafter required by or with respect to Taiwan." Under the specifications of the law, Taiwan is treated as a country for the purposes of U.S. domestic law — including customs regulations. For domestic legal purposes, the Taiwan Relations Act assured that the "governing authority on Taiwan by whatever name it may be referred to" was guaranteed all the rights it had enjoyed before January 1, 1979.[29]

Only the intervention of members of Congress forced a revocation of the order concerning the labeling of goods produced in the Republic of China. Had that intervention not occurred, still another violation of the spirit and intent of the Taiwan Relations Act would have transpired.

It is quite clear, then, that the Carter administration has either been incapable of or unwilling to carry out the intentions of the Taiwan Relations Act. Accommodation of the People's Republic seems to have had so high a place on the Carter administration's priority list that the Taiwan Relations Act was to be gutted. To date, most objections from Congress have had little

[29] *Taiwan Enabling Act,* pp. 7, 24.



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influence on the determined policy of President Carter. The Republic of China on Taiwan, regardless of all administration assurances, has been, in fact, largely abandoned in the fevered courtship of the People's Republic. The Carter administration has given every sign that it will seek more and more intimate relations with a regime that has openly attacked the United States as an "international exploiter and oppressor . . . threatening the independence and security of all nations." President Carter seems determined to sacrifice Taiwan in order to win the favor of a regime which insists that, at the appropriate time, it will ally itself with the "proletarians and the oppressed nations of the world" to defeat both "hegemonist powers, the Soviet Union and the United States."[30]

In the year since the signing of the Taiwan Relations Act into law, the Carter administration has shown that it is preparing to abandon the Republic of China on Taiwan in order to achieve a relationship with the People's Republic that offers scant returns either in international security or enduring friendship. To date, Congress has been largely unable to alter the administration's course, notwithstanding the review clauses carefully embodied in the Taiwan Relations Act itself. Preoccupied as Congress is with an economic crisis perhaps more threatening than any in our recent history, its ineffectiveness is not surprising. Whether, as a consequence of congressional inaction, the millions on Taiwan will have to pay a heavier price than any exacted from Americans remains to be seen.

[30] Teng Hsiao-p'ing [Deng Xiaoping], "China and the Three Worlds" and "Chairman Mao's Theory of the Differentiation of the Three Worlds Is a Major Contribution to Marxism-Leninism," in King C. Chen, ed., *China and the Three Worlds* (White Plains, N.Y.: M. E. Sharpe, 1979), pp. 86-87, 123.



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# BEYOND SALT II: EUROPEAN SECURITY AND THE PROSPECTS FOR SALT III*

by David S. Yost

West European reactions to SALT II are much more complex than the supportive declarations of European governments imply. What French political scientist Alfred Grosser has called a "dual European reaction" to SALT II requires clarification.[1] After outlining the main points stressed by European critics and supporters of SALT II, I will review some special factors that seem to condition perceptions in Britain, West Germany, and France. Finally, I will discuss some implications of possible SALT III negotiations.

Although the Soviet invasion of Afghanistan prompted President Carter to delay Senate consideration of SALT II, he has indicated that the United States will observe the provisions of SALT II without benefit of Senate ratification, so long as the Soviet Union reciprocates. Rather than speculate about possible Senate actions and the impact of presidential electoral politics, I will simply assume that SALT II is a political reality that affects current nuclear-force planning, and that SALT III may yet take place.

## European Views on SALT I

The record of European reactions to SALT since 1969 is rather sparse; only in the past two years have several critical analy-

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[1] "Western Europe," in Peter Duignan and Alvin Rabushka, eds., *The United States in the 1980s* (Stanford, Calif.: Hoover Institution Press, 1980), p. 720.

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ses appeared. In asking "why Europeans have not been more vocal in perceiving the extent to which SALT undermines their security," Henry Rowen has suggested that it may be explained by the European commitment to détente, as well as by a "deeply ingrained habit of leaving decisions on nuclear matters, especially 'strategic' nuclear ones, to the Americans."[2]

The main exception to this tendency in SALT I was on the so-called FBS (forward-based systems) issue, which emerged when the Soviets argued that American nuclear delivery systems based in Europe and presumed capable of penetrating Soviet air defenses to strike Soviet territory (primarily FB-111s, F-4s, and carrier-based aircraft) should be included in U.S. strategic-force ceilings. For Europeans, these American systems symbolized the genuineness of the American guarantee, and restrictions on forward-based systems were seen as likely to result in decoupling the U.S. guarantee from the defense of Europe.[3] Moreover, the Soviet definition of forward-based systems naturally excluded Soviet medium-range missiles and aircraft from limitation. The United States therefore rejected the Soviet argument and the associated demand that increases in British and French SLBMs (submarine-launched ballistic missiles) beyond levels envisaged in 1972 be included in the American SLBM ceiling.

Aside from these two issues, American consultations with NATO regarding SALT "have been more in the nature of a sharing of information by the U.S. representatives than of a discussion among equally interested partners."[4] Even during the SALT II negotiations, European concepts have generally not been clearly defined, and almost no specific political demands have been reported. For the U.S. administration — already bogged down in negotiations within the U.S. bureaucracy, with the Congress, and with the Soviet Union — the "absence of articulated West European positions on SALT was no shortcoming."[5]

Eight years ago, Andrew Pierre's strong endorsement of SALT I accurately reflected SALT I's reception in Europe. Although, as he pointed out, mutual Soviet and American vulnerability and

[2] "A Strategic Symposium: SALT and U.S. Defense Policy," *Washington Quarterly*, Winter 1979, p. 58.

[3] Uwe Nerlich, *The Alliance and Europe: Part V, Nuclear Weapons and East-West Negotiation* (London: International Institute for Strategic Studies, Adelphi Paper no. 120, 1976), pp. 4, 28.

[4] François de Rose, "The Future of SALT and Western Security in Europe," *Foreign Affairs*, Summer 1979, p. 1065.

[5] Uwe Nerlich, "European Interests in the SALT Process," *Lo Spettatore internazionale*, no. 1, 1979, p. 35.



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approximate parity figured highly in the American view of the treaty, Europe paid little attention to the potentially disturbing implications for the credibility of the American guarantee. Instead, the prospect of strategic stability was stressed. The ABM treaty in particular was applauded as a guarantee of the continued credibility of British and French nuclear forces.[6] Ian Smart even argued that the ABM treaty helped to prevent potential decoupling of the American guarantee, because it kept the United States as vulnerable as Europe.[7] In short, confidence in the American guarantee and satisfaction with SALT I were the order of the day, Gaullist skepticism notwithstanding.

### The Shift in European Views

Confidence in the American guarantee and in American sagacity and skill in SALT has greatly diminished during the past eight years, though not entirely because of American behavior in SALT. General doubts about American competence and reliability derive in part from other factors — "Watergate," the loss or apparent abandonment of close allies (e.g., Ethiopia, Iran, South Vietnam, Taiwan), the collapse of portions of the traditional American alliance system (i.e., SEATO and CENTO), the failure to challenge Soviet (and Cuban) interventions in Africa and Asia, the inadequacy of U.S. responses to the energy crisis, and so on.

Four dangers to Western security have received particular attention in the critical analyses of SALT II produced by European observers: (1) that the credibility of the American strategic-nuclear guarantee has been impaired; (2) that grave imbalances at the "Euro-strategic" level have been aggravated by SALT II; (3) that the consequent and imperative quest for theater-nuclear modernization may be hindered by SALT II; and (4) that American behavior in SALT provides little warrant for confidence that SALT III will produce favorable results.

### Impaired Credibility of the U.S. Guarantee

The U.S. guarantee has been less than fully credible ever

[6] Andrew J. Pierre, "The SALT Agreement and Europe," *The World Today*, July 1972, pp. 282-288. While John Newhouse's account represents SALT I as a positive accomplishment, he suggests that SALT I made "European governments feel more dependent on America and hence more vulnerable." See *Cold Dawn: The Story of SALT* (New York: Holt, Rinehart and Winston, 1973), p. 271. Thomas Wolfe offers a more tentative judgment on this question in *The SALT Experience* (Cambridge, Mass.: Ballinger, 1979), p. 15.

[7] "Perspectives from Europe," in Mason Willrich and John B. Rhinelander, eds., *SALT: The Moscow Agreements and Beyond* (New York: Macmillan, 1974), p. 187.



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since the late 1950s when the Soviets became capable of retaliating against U.S. cities in response to U.S. nuclear use in Europe. The new factor undermining European confidence in the U.S. guarantee is the state of the strategic balance. Since SALT reflects and codifies the strategic balance, SALT is blamed for the loss of American superiority and the move toward (sub-)parity.

It has not escaped notice in Western Europe that the strategic balance of the early 1980s will include significant Soviet superiority over the United States in prompt countermilitary potential. This imbalance derives in part from such SALT II asymmetries as the privileged Soviet position with respect to modern large ballistic missiles (heavy ICBMs such as SS-9s and SS-18s) — i.e., the Soviets will be permitted 308 launchers for such missiles and the United States none. Indeed, that the Soviets will have the capability in the early 1980s for a partially disarming first-strike (i.e., a strike against virtually all U.S. ICBMs, SSBNs in port, and nonalert bombers) is now universally conceded. This consensus, the reports of Soviet investments in active and passive defenses, and the increasing recognition of the war-fighting and war-winning tenets of Soviet strategic doctrine — all have spurred the realization that Washington may not find it prudent to honor its guarantee.

According to French scholar Pierre Lellouche, "Moscow obtained in SALT II a palpable weakening of the credibility of the American nuclear guarantee in Europe" — a situation Lellouche calls "pre-decoupling," if not true decoupling. Lellouche adds that this decoupling tendency explains why American policy seems more determined than ever to confine any use of nuclear weapons to the European theater.[8] West German journalist Lothar Ruehl has expressed the same concern — that the U.S. is "reluctant to accept the risk, trying instead to delegate it to others or at least keep it as far away as possible from the USA" — as has Kurt Birrenbach, president of the Deutsche Gesellschaft für Auswärtige Politik.[9]

Denis Delbourg, of the Centre d'Analyse et de Prévision (the planning unit of the French Foreign Ministry), has added that U.S. ICBM vulnerability has created a "perception of asymmetry" that many permit the Soviet Union to extort political concessions

[8] "La France, les SALT et la sécurité de l'Europe," *Politique étrangère*, no. 2, 1979, pp. 257, 258, 262.

[9] Ruehl cited in Alex A. Vardamis, "German-American Military Fissures," *Foreign Policy*, Spring 1979, p. 93; Birrenbach, "European Security: NATO, SALT and Equilibrium," ORBIS, Summer 1978, p. 305.



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from Europeans in a crisis.[10] ICBMs constitute a vital portion of the U.S. guarantee because, as British scholar Laurence Martin has noted,

> only some form of limited nuclear option can plausibly sustain any strategic guarantee to allies. . . . From now on only more subtle and limited doctrines, ranging from the virtually symbolic strike to the discriminating, damage-minimizing attack, can be planned in aid of extended deterrence for allies. Yet it is precisely for such strategies that the counterforce balance becomes critical and the accuracy, penetration reliability, and effective control of the ICBM is essential.[11]

For a time, U.S. Defense Secretary Brown tried to minimize the seriousness of ICBM vulnerability by suggesting that "the USSR can never be sure that our ICBM force would not be launched under attack."[12] This argument did not resolve European concerns. Manfred Wörner, chairman of the Defense Committee in the West German Bundestag and defense spokesman for the Christian Democratic–Christian Social coalition replied that "such doctrines represent but marginal improvements over a 'launch on warning' concept, and in any event portend a highly unstable situation susceptible to accident and error."[13]

Somewhat paradoxically, in his posture statement for FY 1981 — published in January 1980 — Brown advanced the date of virtually complete U.S. ICBM vulnerability to "within a year or two" and cooled his expressed enthusiasm for "launch on warning" solutions.[14] Since bombers (even with cruise missiles) are incapable of prompt retaliation, and SLBMs lack the accuracy and yield necessary for counterforce missions, ICBMs constitute a nonreplaceable force. Echoing Martin, Uwe Nerlich, director of research at West Germany's Stiftung Wissenschaft und Politik, has stated that "without invulnerable American ICBMs, extended deterrence ceases to be a rational objective. . . . the possibility of a [Soviet] strike against American ICBMs in response to a limited strategic strike in a Euro-

[10] "L'Evolution stratégique des deux grands et ses conséquences pour les interêts des Européens," *Défense nationale*, July 1979, pp. 56, 60.

[11] Martin, in "A Strategic Symposium" (see fn. 2, above), p. 31.

[12] *Report of Secretary of Defense Harold Brown to the Congress on the FY 1980 Budget, FY 1981 Authorization Request and FY 1980-1984 Defense Programs* (Washington: GPO, 1979), pp. 80, 117.

[13] "SALT II: A European Perspective," *Strategic Review*, Summer 1979, p. 13.

[14] *Report of Secretary of Defense Harold Brown to the Congress on the FY 1981 Budget, FY 1982 Authorization Request and FY 1981-1985 Defense Programs* (Washington: GPO, 1980), p. 85. Previous statements referred to the "early- to mid-1980s" and usually implied a date later than 1981 or 1982. For Brown's shift on launch-on-warning, see p. 88. According to *Aviation Week & Space Technology* (February 25, 1980, pp. 19-20), revised intelligence estimates of Soviet ICBM accuracy may have prompted the advancing of the date of U.S. ICBM vulnerability.



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pean contingency is likely to constrain strategic flexibility from the outset."[15]

The imminent vulnerability of U.S. ICBMs may be at least partly attributed to SALT, in that one of the original goals of SALT I (continued in SALT II) was precisely to prevent this vulnerability by negotiating limits on Soviet counterforce capabilities.[16] SALT II's codification of Soviet counterforce superiority, however, is one of the several strategic trends since 1969 that illustrate why the SALT exercise has been a failure as arms control:

> They have been toward Soviet superiority, not essential equivalence; toward reduced, not enhanced strategic stability; toward increased vulnerability of our deterrent forces, not improved survivability; toward the need to spend more on our strategic forces, not less; toward a worsening relationship with the Soviet Union, not more cooperative Soviet behavior; and toward poorer, not better prospects for effective and helpful arms control.[17]

In short, the loss of strategic flexibility implied by U.S. ICBM vulnerability has diminished the credibility of the American guarantee, a sequence that can, in part, be traced to SALT. That concern about SALT undermining the U.S. guarantee extends to the highest levels in European governments became plain in Helmut Schmidt's 1977 address to the International Institute for Strategic Studies:

> SALT codifies the nuclear strategic balance between the Soviet Union and the United States. To put it another way: SALT neutralizes their strategic nuclear capabilities. In Europe this magnifies the significance of the disparities between East and West in nuclear tactical and conventional weapons. . . . strategic arms limitations confined to the United States and the Soviet Union will inevitably impair the security of the West European members of the Alliance *vis à vis* Soviet military superiority in Europe if we do not succeed in removing the disparities of military power in Europe parallel to the SALT negotiations.[18]

### Aggravated Imbalance: The SS-20 and the Backfire

During the 1960s, the United States maintained medium- and intermediate-range missiles in Europe — ninety-six MACE-B cruise missiles (1,400-mile range), sixty Thor IRBMs (in Britain), and

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[15] "Theater Nuclear Forces in Europe: Is NATO Running Out of Options?," *Washington Quarterly*, Winter 1980, pp. 110, 116.

[16] See Wolfe, *The SALT Experience*, pp. 12, 17-18.

[17] William R. Van Cleave, in U.S. Senate, Committee on Armed Services, *Military Implications of the Treaty on the Limitation of Strategic Offensive Arms and the Protocol Thereto (SALT II Treaty), Hearings*, 96th Congress, 1st Session, 1979, pt. 3, p. 1175.

[18] Helmut Schmidt, "The 1979 Alastair Buchan Memorial Lecture," *Survival*, January-February 1978, pp. 3-4.



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forty-five Jupiter IRBMs (in Italy and Turkey) — together with medium-range bombers (B-47s). All these systems were regarded by Washington as temporary expedients pending a build-up of ICBMs, and all were withdrawn by 1969. In October 1979, Schmidt declared that, in retrospect, this withdrawal was a "wrong step. They should have been modernised rather than dismantled."[19]

The only U.S. systems in Europe left with a range greater than 450 miles (maximum for the Pershing SRBM) are aircraft (primarily FB-111s, F-4s, and F-104s) and 160 Poseidon SLBMs assigned to the Supreme Allied Commander, Europe. While Britain and France deployed SLBMs, IRBMs (18 French-controlled missiles), and medium-range bombers (Vulcans, Buccaneers, and Mirage IVs), these deployments — even when considered together with the U.S. systems — were scarcely equivalent to the massive Soviet deployments during the 1960s of M/IRBMs (SS-4s, SS-5s), SLCMs (SS-N-3s), GLCMs (SS-3s), VRBMs (SS-11s), SLBMs (SS-N-4s, SS-N-5s), and medium-range bombers (Badgers and Blinders).

How serious the theater-nuclear imbalance appears is partly a function of how it is defined. Rather than digress on a topic that has already received contrasting treatments,[20] I will simply note what is universally conceded — namely, that there is a serious imbalance in long-range theater-nuclear forces (whether LRTNF be called medium-range systems, continental weapons, "gray area" systems, or Eurostrategic systems), and that this imbalance is becoming more acute as Soviet deployments of the SS-20 and the Backfire continue.

The SS-20 is a mobile IRBM with three MIRVs and a range of 3,000 miles. There are currently reported to be approximately 160 operational SS-20 launchers, while estimates of the magnitude of the full SS-20 program vary greatly.[21] The SS-20 is capable of striking virtually any military and logistical target in Western Europe with such a high degree of accuracy that collateral damage would be

[19] *The Economist* interview, October 6, 1979.

[20] Examples are Robert Metzger and Paul Doty, "Arms Control Enters the Gray Area," *International Security*, Winter 1978-1979; "The Balance of Theatre Nuclear Forces in Europe," in *The Military Balance, 1979-1980* (London: International Institute for Strategic Studies, 1979); and *White Paper 1979: The Security of the Federal Republic of Germany and the Development of the Federal Armed Forces* (Bonn: Federal Ministry of Defence, 1979), pp. 108-110. Scrutiny of diverse analyses of static measures of the balance of theater-nuclear forces is but a first step to understanding the "gray area" problem in military operational terms. Few attempts have been made to compare dynamic scenarios involving such factors as reliability, lethality, penetration probability, and — above all — survivability.

[21] May 1980 newspaper accounts (e.g., *International Herald Tribune*, May 22, 1980) suggested that an SS-20 with four MIRVs may be under development.



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greatly reduced (especially if the Soviets used warheads of lower yield) in comparison with the results achievable by previous Soviet IRBMs. Moreover, since the SS-20's mobility makes it virtually non-targetable, it constitutes a quasi-invulnerable reserve force for Soviet theater-nuclear options.

Since NATO has no comparable theater-nuclear options (unless one defines SLBMs as comparable), an asymmetry exists. The Soviet capability to remove, in a pre-emptive strike, NATO's nuclear storage sites and delivery systems tends to undermine NATO's flexible response" doctrine. As Delbourg observes, "at each stage of escalation the President of the United States should not have to threaten reprisals disproportionate to the actual attack. However, after SS-20 counterforce strikes, the United States — given its current means — will not be able to retaliate against Soviet military and nuclear targets without having recourse to its central systems."[22] Prompt recourse to central systems would represent a failure of "flexible response," but the emerging theater-nuclear imbalance may give the United States choices other than capitulation or recourse to central systems — unless NATO modernizes its own theater-nuclear forces.

The SS-20, a two-stage version of the three-stage SS-16, is not limited in SALT II, but SALT II does include a putative and unverifiable ban on the mobile SS-16 ICBM. European observers such as Lothar Ruehl have pointed out that the SS-20 should have been counted in the SALT II totals, partly because the SS-20 is itself capable of ICBM range (with reduced payload) but also because it threatens the stability of SALT II:

> Since the SS-20 (as a land-mobile system) could be moved around and serviced in shelters, reconversion to the SS-16 ICBM could easily be hidden from distant satellite observation and accomplished rapidly. . . . On account of this ambiguity, the system in both its SS-16 and its SS-20 modes will have to be included in the SALT ceilings, unless a reliable and verifiable barrier to rapid reconversion can be established. If not, to leave the SS-20 outside SALT would threaten the stability of the agreement.[23]

In short, the failure to include the SS-20 in the SALT II ceilings not only aggravates the theater-nuclear imbalance, it also provides an opportunity for Soviet circumvention of the agreement.

The Soviet Backfire bomber, with it five-ton bomb load, has an "unrefueled radius" estimated at 3,074 nautical miles, while

[22] "L'Evolution stratégique des deux grands," p. 59.

[23] "The 'Grey Area' Problem," in Christoph Bertram, ed., *The Future of Arms Control: Part I, Beyond SALT II* (London: International Institute for Strategic Studies, Adelphi Paper no. 141, 1978), pp. 30-31.



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the U.S. B-52D, with a five-ton bomb load, has an unrefueled radius of only 3,012 nautical miles.[24] Since the approximately eighty B-52Ds will all be counted under SALT II ceilings, the U.S. Joint Chiefs of Staff publicly "recommended counting the Soviet Backfire in the aggregate since it has characteristics and capabilities similar or superior to those aircraft which both sides agree are heavy bombers."[25] President Carter, however, chose to accept Brezhnev's non sequitur that the Soviets do not "intend to give this airplane the capability of operating at intercontinental distances."[26] The Soviets also promised not to increase their current Backfire production rate of thirty per year. Defense Secretary Brown contends that the production restriction means that "the Soviets now will not be able to divert Backfires to a strategic role . . . without greatly reducing Soviet capability for the naval and regional missions to which Backfires are normally assigned."[27]

Brown's wording suggests that Washington has agreed not to count Backfire as a strategic-nuclear delivery vehicle solely because it will be primarily directed at American allies. European reaction has been expressed deftly by Laurence Martin: "Tolerating the Soviet Backfire bomber so long as it is not deployed in an anti-United States mode — that is, so long as it is deployed against areas bordering the Warsaw Pact — is only the most explicit instance of going beyond merely neglecting threats to allies to actually diverting them in that direction, behaviour of which Stalin suspected Chamberlain in 1939."[28]

### Potential Hindrances: The Protocol and Noncircumvention

In December 1979, a NATO decision was finally reached to deploy, beginning in 1983, 572 Pershing IIs (P2XRs) and ground-launched cruise missiles (GLCMs) in Britain, West Germany, Italy,

[24] Donald G. Brennan, *Briefing Charts on SALT II*, June 19, 1979 (Croton-on-Hudson, N.Y.: Hudson Institute, 1979), p. 4.

[25] General George S. Brown, Chairman, Joint Chiefs of Staff, *Statement to the Congress on the Defense Posture of the United States for FY 1979* (Washington: GPO, 1978), p. 31. The U.S. Air Force position is that recent Soviet testing of ALCMs from Backfire bombers reinforces the view that Backfire is an intercontinental strategic-nuclear delivery vehicle and that the Soviets intend to use it for such purposes. (Air Force Chief of Staff Gen. Lew Allen, Jr., in *Defense/Space Daily*, September 5, 1979, p. 3.)

[26] "Soviet Backfire Statement," in *SALT II Agreement, Vienna, June 18, 1979* (Washington: U.S. Department of State, Bureau of Public Affairs, Selected Document no. 12A, 1979), p. 50.

[27] *SALT II Senate Testimony, July 9, 1979* (Washington: U.S. Department of State, Bureau of Public Affairs, Current Policy no. 72A, 1979), p. 13.

[28] Martin, "A Strategic Symposium," pp. 33-34. Cf. Kurt Becker in *Die Zeit*, June 15, 1979.



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Belgium, and the Netherlands. At the same time, an arms control proposal intended for SALT III was approved. Rather than digress on the political and strategic ramifications of this theater-nuclear force modernization decision, let us turn directly to SALT II's perceived potential for hindering theater-nuclear force modernization options.

Modern cruise missiles are an attractive means of helping to rectify the theater-nuclear imbalance because of their high accuracy, long range, and survivability. It has been reported that the NATO Nuclear Planning Group and the governments of Britain, Norway, and West Germany specifically asked the United States to avoid limits that would restrict the range of GLCMs and SLCMs.[29] A European official told Seymour Weis, former director of the Bureau of Politico-Military Affairs in the State Department, that

> when the question of the treaty's range limitations on cruise missiles was first raised, German Defense Minister Georg Leber informed Brown that the minimum acceptable range limit would be 1,500 kilometers. Subsequently Foreign Minister Hans-Dietrich Genscher informed the American government that this was the official German position on range limitations. Nevertheless, within weeks, lower-level American officials were in Europe telling the Germans that we would agree upon a range limitation of 600 kilometers.[30]

West Germans have the impression that the United States favors short-range cruise missiles because of fear that even a conventionally armed GLCM "might provoke a Soviet strategic strike against the United States even if it is launched from West Germany" — another evocation of the specter of American decoupling, making Soviet territory a sanctuary.[31]

The SALT II protocol prohibits the deployment, until after December 31, 1981, of nuclear- and conventional-armed SLCMs and GLCMs capable of exceeding a range of 600 kilometers, though it places no limits on development and flight testing. Here is the official U.S. explanation of the origins of this limitation: "The Soviets insisted that SALT II should contain some limits on SLCMs and GLCMs, and it became clear in the post-Vladivostok negotiations that an agreement could not be concluded without some GLCM and SLCM

[29] Lothar Ruehl, "NATO European Call for a Say in the Drafting of SALT III," *Atlantic Community Quarterly*, Spring 1978, p. 46.

[30] Seymour Weiss in *Los Angeles Times*, August 26, 1979. John Borawski reports that Britain asked that the cruise missile range be at least 2,500 kilometers. (Towards Theatre Nuclear Arms Control?," *Washington Quarterly*, Winter 1980, p. 89.)

[31] Vardamis, "German-American Military Fissures," p. 98.



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limits. . . . the limitations in the Protocol expire with the Protocol and set no precedent for future negotiations."[32]

Not all Europeans have found these reassurances satisfactory; there is skepticism about whether Washington would resist pressures from the Soviets (and the American arms control community) to extend the protocol in prospective SALT III negotiations. Europeans such as Lord Chalfont and Manfred Wörner have cited a *Pravda* article declaring that

> these figures [U.S. SALT critics] would like to remove from the limitations sea-launched and surface-launched missiles. This is in fact a blatant attempt to insure right now that after the three-year term of the protocol ends there is freedom of action to develop such missiles and increase their agreed range above 600km, and ultimately to retain the possibility of deploying them outside the United States — that is, as close as possible to the USSR's borders. Comment, as they say, is superfluous. It is surely obvious that this is yet another attempt to emasculate the limitations already agreed on and to wreck the agreement as a whole.[33]

Moreover, West European concerns regarding the protocol's potential extension are reinforced by the public views of such prominent Americans as Fred C. Iklé, former director of the Arms Control and Disarmament Agency, General Alexander M. Haig, Jr., former SACEUR, and former Secretary of State Henry Kissinger.

In contrast, the Soviets have little use for more cruise missiles — for the time being — because they have a stockpile of M/IRBMs, including the SS-20, plus their existing SLCMs and GLCMs. The protocol limitation exempts already deployed GLCMs and SLCMs, so the Soviets need not worry about their SS-N-3 Shaddock cruise missiles (450-mile range), of which 324 are deployed in sea-launched versions and 100 in the ground-launched version. It is nonetheless probable that the Soviets will eventually modernize their cruise missiles because improved performances would offer enhanced options. If developed, the Soviet cruise missiles would greatly complicate U.S.-European defense planning because the U.S. program for active defenses against cruise missiles is much less advanced than the Soviet program.[34]

Even if the protocol restrictions on cruise missiles expire as scheduled, some Europeans have argued, the continuing validity

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[32] Department of Defense prepared statement, in U.S. Senate, Committee on Foreign Relations, *The SALT II Treaty, Hearings*, 96th Congress, 1st Session, 1979, pt. 3, p. 149.

[33] *Pravda*, February 11, 1978; cited in Wörner, "SALT II: A European Perspective," pp. 10-11, and in Lord Chalfont, "SALT II and America's European Allies," *International Affairs*, October 1979, p. 563.

[34] For this point, I am indebted to Francis X. Kane of TRW, Inc.



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of the treaty's noncircumvention clause might also constitute a hindrance to theater-nuclear modernization. Wörner and other German observers have pointed out that Soviet interpretations of the noncircumvention provision might extend to "the option of fitting long-range air-launched cruise missiles (ALCMs) on tactical NATO aircraft like the FB-111, F-4 and Tornado . . . and to [U.S. transfer of] cruise missile components like guidance systems and computerized mapping." Moreover, Wörner adds, the clash between Soviet and American interpretations of the noncircumvention clause may create an opportunity for the exercise of Soviet political pressure: "the consequences for an exposed country like the Federal Republic of Germany might be incalculable. . . . in the event of such a dispute, a loudly declaimed interpretation by the Soviet Union would be enough to convince a good part of the government in Bonn of the need to accept this interpretation. . . . Moscow would simply apply massive political pressure and threaten the end of detente."[35]

Both the December 1979 NATO theater-nuclear modernization decisions (which included GLCMs) and the July 1980 announcement of British-U.S. agreement on Trident missile technology, however, have allayed European concerns about the impact of the noncircumvention clause to some extent. The protocol could not be extended for more than a year or so without interfering with implementation of the December 1979 decisions.

### American Unreliability in Negotiations

In light of the discrepancy between U.S. objectives outlined in the March 1977 comprehensive proposals and the actual results achieved at the conclusion of the SALT II negotiations, European observers have noted an erosion in the American negotiating position.[36] Some European observers judge that, in canceling the B-1 bomber, the U.S. committed both a gross negotiating blunder with respect to SALT and a strategic blunder with respect to Western capabilities (B-52s armed with cruise missiles are not as reliable and effective as B-1s so armed). One observed that "the United States seems to have gone too far in giving in to the wishes of the Soviet Union in the area of intercontinental weapons in order to achieve any kind of settlement at SALT II," after having unilaterally and unnecessarily limited American capabilities over the years.[37] Some

[35] "SALT II: A European Perspective," pp. 11-12. Cf. Lothar Ruehl, *Die Zeit*, July 20, 1979.
[36] Martin, "A Strategic Symposium," p. 32.
[37] Birrenbach, "European Security," pp. 301, 306.



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Europeans are concerned lest SALT II create a false sense of security in which necessary improvements in American strategic power are delayed or neglected — much as happened after SALT I.

Apparently, no European contributions of substance were made to SALT II, partly because several of the most important aspects of the overall agreement were determined before the Europeans had an opportunity to comment. General Haig testified that "the initial framework of the treaty — that aspect of it that included the protocol, limiting the cruise range, the exclusion of the Backfire — was not, to my knowledge, coordinated with our European allies, nor were they consulted on these issues before the broad concept was presented to them. I know it was not coordinated with me, because I would have been strenuously opposed."[38]

Among the additional factors that tend to undermine European confidence in America's competence are the mishandling of the decision on enhanced-radiation warheads in 1978 and the failure, in the view of some European observers, to recognize that the December 1975 MBFR proposal (Option 3) would have inhibited deployment of Pershing II.[39]

## European Supporters of SALT II

Four principal reasons have been offered publicly by European governments and other supporters of SALT II ratification:

(1) SALT II is more than adequate strategically: there is no real risk of decoupling, and the strategic implications of U.S. ICBM vulnerability have been exaggerated.[40]

(2) Rejection of SALT II by the Senate could undermine the credibility of U.S. leadership of the Atlantic Alliance and dangerously weaken the U.S. presidency. In Schmidt's words, "If SALT-2 was not ratified as it stands, it could . . . create a broad feeling of uncertainty. . . . the world becomes rather incalculable."[41]

(3) SALT II is diplomatically essential both for future arms control negotiations and for theater-nuclear modernization. Such modernization is politically more feasible if presented in an arms control context, and SALT III or another arms control forum may also help to correct the theater-nuclear imbalance by imposing ceilings on the Soviet deployments.[42]

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[38] Testimony in U.S. Senate, Committee on Foreign Relations, *The SALT II Treaty, Hearings*, pt. 3, p. 304.

[39] Nerlich, "European Interests," p. 42; Günter Gillessen in *Frankfurter Allgemeine Zeitung*, February 28, 1979. The Option-3 proposal was finally withdrawn in 1979.

[40] Cf. Lawrence Freedman, "SALT II and the Strategic Balance," *The World Today*, August 1979.

[41] *The Economist* interview, October 6, 1979.

[42] Paul Thyness, Norwegian parliamentarian, cited in *Baltimore Sun*, September 17, 1979.



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(4) Most important, SALT is seen as the "barometer of détente." Helmut Schmidt has asked, "How would the world change if SALT II failed or were not ratified on the American side? I have no doubt that the world would lapse back not only into a full-scale arms race between the East and West but also into another cold war."[43]

All the above arguments have been developed in great detail in government documents — particularly West German ones — and in the quasi-official documents sponsored by such agencies as the Assembly of Western European Union and the North Atlantic Assembly.[44]

It is nonetheless striking how rarely European governments directly confront European concerns about SALT II. François de Rose, French ambassador to NATO from 1970 to 1975, has reported that "there has not been one official comment in Europe over the provision limiting the range of land-based cruise missiles to 600 kilometers."[45]

The current relative abundance of unofficial European criticisms raises questions: Why will no European government propose any amendments or advance any reservations regarding SALT II, even though all European governments would probably prefer to see Senate amendments in key areas? Why has virtually no one in Europe called publicly for Senate rejection of SALT II?

Even Wörner, who has presented an unusually strong case against SALT II, says that rejection of SALT II would be "inappropriate."[46] Even in private, not-for-attribution interviews, only a handful of the hundred-plus European strategists and officials I spoke with in the spring and summer of 1979, and during the summer of 1980, supported Senate rejection of SALT II; most favored Senate resolutions or amendments to the treaty rather than outright rejection.

Because the Carter administration made NATO European support one of the selling points of SALT II, the true nature of European views became controversial during the active phase of Senate consideration of SALT II. Senators Jake Garn and Robert Morgan, for example, reported that their parliamentarian counterparts in NATO Europe had told them that the public positions of their governments necessitated hypocrisy.[47] Secretary of State Cyrus Vance testified that

[43] *Time* interview, June 11, 1979.

[44] See, for example, the skillful report by Klaas G. de Vries, general *rapporteur*, *Draft General Report on the Security of the Alliance — the Role of Nuclear Weapons* (Brussels: North Atlantic Assembly, May 1979). The WEU Assembly document *SALT II and Its Implications for European Security* is also useful.

[45] "The Future of SALT," p. 1066.

[46] "SALT II: A European Perspective," p. 10.

[47] See U.S. Senate, Committee on Armed Services, *Military Implications of the Treaty, Hearings*, pt. 4, pp. 1364, 1372-1373.



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this proposed dichotomy between public and private European views was "baloney."[48] Consider, however, Secretary of Defense Brown's testimony:

SENATOR NUNN: . . . would you have any objections to your testimony today being released on the subject of what the [deleted] Government has said because what the [deleted] Government is saying to their own people is dramatically different from what you are quoting them as saying?

SECRETARY BROWN: I would not have used the words I used if I were speaking in public. I think that government-to-government communications have to be allowed to be somewhat more confidential than internal U.S. Government communications are able to be. . . . I want to be clear that my attributions of statements to individuals by name was made because this hearing was closed; they would not have been made if it were open.[49]

While the publicly offered justifications for supporting SALT II ratification undoubtedly reflect the genuine views of many Europeans, a troubling discrepancy between the public and private views of at least some European government officials does seem to exist. To the extent any misrepresentation is taking place, what may explain it?

Ruehl suggested one possibility: "Western Europe will keep diplomatically quiet about its misgivings on specific terms so as not to make life even more difficult for Mr. Carter in his bid to persuade the U.S. Senate to approve the package."[50] Given the stakes, however, loyalty to the strategic guarantor and consideration for President Carter's difficulties may not fully explain European silence. Some European government officials may also support SALT II because they feel increasingly vulnerable to Soviet pressure.

Détente seems all the more imperative to West European governments because of the growth of Soviet military power and the increasingly doubtful nature of the American guarantee. It is therefore imperative for European governments that Senate rejection or amendment of SALT II not be attributable to official West European intervention in the ratification process. Otherwise, they will have provided the Soviets with a pretext for political pressure.

Political vulnerability, of course, stems from military vulnerability. This explanation for European behavior concerning SALT II has been proposed by Leopold Labedz, the editor of *Survey*:

the official endorsements of SALT II by the NATO leaders are, paradoxical as it may seem, an indication of the undermined European political morale

[48] Ibid., p. 1459.
[49] Ibid., p. 1514-1515.
[50] *Die Zeit*, June 1, 1979.



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in the face of growing Soviet threat. . . . Many Europeans, such as Chancellor Schmidt, feel that a failure to support SALT II by the Europeans may result not in a resolution by the Americans to reverse the unfavorable trend in the balance of power between the U.S.A. and the U.S.S.R., but in a growing American isolationism which will totally undermine European security. They are ready therefore to support SALT II in spite of its negative features from the European point of view. They think, on plausible if not necessarily realistic grounds, that the alternative is even more dangerous.[51]

The apparent European rationale for not intervening in the SALT II ratification process is shortsighted, however, for it tends to prolong a SALT process that is harmful to European security interests. In the words of Uwe Nerlich, "Western Europe would be harder hit politically by a failure of SALT than the USA, but . . . at the same time, it would be endangered more strongly militarily by the implications of a continued SALT proces than the USA."[52]

A secondary explanation of West European behavior may be economic. Referring to trade relationships between the West and the Warsaw Pact states, Schmidt has stated that "they are much more dependent on the western world economy than the western world is dependent on the economy of the east."[53] While this may be true in a technical sense — in the proportions of foreign trade — it does not seem to be true in a political sense because of key differences between Eastern and Western politics. Free-market, social-welfare economies with large trade unions and pluralistic decision-making seem more vulnerable to the exertion of leverage than nonmarket command economies. The half-hearted West European responses to President Carter's post-Afghanistan appeals for economic sanctions against the Soviet Union imply that the Soviets enjoy some economic leverage over Western Europe. Other explanations for West European behavior include domestic politics (no Social Democratic government can easily criticize any arms control package, whatever its objective flaws) and the view among West European officials that any public criticism on their part would be futile anyway.

## Special Factors

### *Britain*

For years, speculation has focused on what successor the British might seek for their American-supplied Polaris SLBMs. Three

[51] Testimony in U.S. Senate, Committee on Foreign Relations, *The SALT II Treaty, Hearings*, pt. 3, p. 92.
[52] Nerlich, "European Interests," p. 36.
[53] *The Economist* interview, October 6, 1979.



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years ago, Ian Smart concluded in a quasi-official analysis that new-generation SSBNs and SLBMs would probably be the wisest choice on technical and strategic grounds, and that "buying another deterrent 'off the shelf' from America would be the cheapest option of all."[54] It may be doubted whether President Carter would have agreed to sell Trident missiles to Britain had Prime Minister Thatcher not ceased expressing her misgivings regarding SALT II upon assuming office in May 1979. On the other hand, once the British supported SALT II and accepted NATO plans for a large deployment of GLCMs in Britain, they were in a strong position to expect U.S. cooperation on Trident.

Whether the new British-purchased American Trident system will somehow be counted in American SALT totals is unclear, as is the potential independence of British targeting and decision-making if that system were to be so counted. What is clear is that the British are determined to retain their independent nuclear capability. First, the British agreed to participate in the NATO Special Group for "gray area" arms control proposals — established in the spring of 1979 — only on condition that British systems be excluded from all discussions of arms control for medium-range systems.[55] Second, the new Conservative government has abandoned the interest its Labour predecessor showed in a potential Comprehensive Test Ban treaty: nuclear testing will be necessary to develop warheads for the Trident missiles.[56] Third, the British explicitly excluded their strategic-nuclear forces from potential SALT III negotiations when the NATO Council met in December 1979.[57]

*West Germany*

West Germany is vulnerable to political pressure from the Soviet Union, owing to the ever-handy instruments of West Berlin and the FRG's relationship with East Germany. For the sake of its German brethren and for the benefits of normalization that *Ostpolitik* has brought, West Germany must favor a continuation of détente. In Schmidt's words, "There is nothing to be gained for the Germans in a cold war, divided as our nation is, divided as our capital of Berlin is, nothing to be gained from a new cold war period."[58] This explanation for the SPD-FDP (Social Democratic–Free Democratic)

[54] "Beyond Polaris," *International Affairs*, October 1977, p. 568.
[55] *Frankfurter Allgemeine Zeitung*, April 12, 1979.
[56] Edgar Ulsamer, "In Focus," *Air Force*, September 1979, pp. 22, 24.
[57] *Daily Telegraph* (London), December 14, 1979.
[58] *The Economist* interview, October 6, 1979.



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government's position on SALT has been put most trenchantly by Josef Joffe, one of the editors of *Die Zeit:*

> The Bonn government has praised SALT II so compulsively not because it is wildly enthusiastic about the substance of the agreement, but because it is obsessed with the political consequences of its rejection. . . . First, there is Berlin. . . . Secondly, there is East Germany. . . . both polities remain locked in a silent but stubborn contest over the future of Germany. . . . Third, and most tangibly, there is the human aspect. . . . As these "humanitarian improvements" . . . constitute a fearsome challenge to the East German regime, they will be the first to go when the political temperature drops. . . . [Finally] Having hitched its electoral fortunes to *Ostpolitik* and reconciliation, the SPD is condemned to demonstrate forever the viability of detente, for the sake of its survival in power.[59]

West Germany has shown leadership in NATO's attempt to make theater-nuclear modernization decisions that are compatible with arms control prospects in SALT III, MBFR, and other potential negotiating arenas. The NATO Special Group established in the spring of 1979 came into existence on Bonn's initiative, partly as a consequence of Defense Minister Hans Apel's complaints in the previous year that NATO planning in this respect was too sketchy.[60]

The policy of the SPD-FDP coalition government is severely constrained by the left wing of the SPD, which includes prominent figures who are uniformly pro-SALT on détente and *Ostpolitik* grounds (Brandt, Bahr, Wehner, Pawelczyk) — some of whom profess to see the Soviet theater-nuclear build-up as a defensive precaution on the part of the Soviets.[61] This helps to explain why Schmidt's strongest anti-SALT statement is that "the SALT compromise does not strike us as being satisfactory in every respect."[62]

As Wörner's statements suggest, the CDU-CSU opposition is freer to articulate positions critical of SALT II. CDU Chairman Helmut Kohl and Hans Rühle, director of Social Science Research at the CDU-CSU-sponsored Konrad-Adenauer-Stiftung, have produced detailed statements arguing for specific Senate resolutions (concerning the protocol, the noncircumvention clause, and other points)

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[59] "Why Germans Support SALT," *Survival*, September-October 1979, pp. 210-212.

[60] *Frankfurter Allgemeine Zeitung*, April 12, 1979; Lothar Ruehl, in *Die Zeit*, December 15, 1978.

[61] Herbert Wehner did retract his February 1979 view that the SS-20 is a "defensive" weapon at the Bremen SPD Congress in May 1979, but this recantation is scarcely convincing.

[62] Reported in *The Bulletin* of the Press and Information Office of the Federal Republic of Germany, March 14, 1979, p. 34.



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that would devise "watertight safeguards" against the weaknesses of SALT II.[63]

The West German government is acutely aware of the theater-nuclear imbalance, as the September 1979 West German defense White Paper suggests. Given the growing strength of the SPD left wing in the governing coalition and the vulnerabilities engendered by West Germany's *Ostpolitik,* however, the prevailing presumption has been that any decisions on theater-nuclear modernization must proceed in an arms control context and as a joint NATO decision. If SALT II provisions do prove to be hindrances to effective and timely theater-nuclear modernization, we might see an "acceleration of West Germany's search for new and more reliable alternatives to its traditional alliance with the United States" — e.g., greater assertiveness and leadership within the European Community, accommodation to the Soviet Union, or even participation in an independent European nuclear power.[64]

*France*

The declaratory French position on SALT II favors ratification as a step toward "balanced strategic nuclear arms reductions" between the United States and the Soviet Union. France "does not expect to participate in possible negotiations to limit 'gray area' weapons in Europe for reasons arising from her independent deterrent."[65] French Foreign Minister François-Poncet has added that French nuclear forces constitute France's "central system" and therefore could not be included in negotiations concerning superpower medium-range systems.[66] France has accordingly declined to participate in NATO's Special Group planning for such negotiations.

France's official attitude is based on declaratory policies of long standing. French policy holds that only national nuclear forces can protect national interests, and that France's security is ultimately dependent on France's ability to threaten the Soviet Union with unacceptable damage — damage that would exceed in value whatever benefits the Soviets might seek in conquering or destroying France. Therefore, changes in the strategic- and theater-

[63] Kohl's statement can be found in the *Congressional Record,* July 18, 1979, pp. S9812-S9814, and July 31, 1979, pp. H6982-H6983; Rühle's statement in *Congressional Record,* August 2, 1979, pp. S11548-S11550.

[64] Vardamis, "German-American Military Fissures," p. 96.

[65] *Communiqué of the Conseil des ministres of 10 January 1979;* cited in Lellouche, "La France, les SALT," p. 249.

[66] Statement before the *Assemblée Nationale;* cited in Delbourg, "L'Evolution stratégique des deux grands," p. 62.



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nuclear balances need not really matter for France. To quote Jean-Louis Gergorin, director of policy planning in the French Foreign Ministry:

> For France the potential Eurostrategic threat is unimportant so long as the credibility of her strategic retaliatory capacities is not impaired — it makes no difference if 5, 10, or 20 SS-20s have French targets so long as our strategic force keeps a capacity to cause unacceptable damage in response. . . . At the same time, while it is vital that our deterrent remain credible, it is desirable that NATO's deterrent not be weakened.[67]

In other words, while the French have doubts about the American guarantee, they would like it to be as credible as possible. Soon after West German Chancellor Schmidt made his famous speech to the International Institute for Strategic Studies, in which he observed that SALT "neutralizes" the strategic-nuclear capabilities of the superpowers, the French foreign minister, Louis de Guiringaud, rebuked Schmidt for raising the issue:

> Experts and politicians can be found today who mistakenly maintain that SALT will lead to the reciprocal neutralization of central systems, making their use less and less probable. The nuclear battle would then be limited to Europe. These same observers therefore argue that the balance must be restored at the lower level, the Eurostrategic level. Hence, in order to respond to the SS-20, [they pose] a military solution such as the cruise missile or a diplomatic solution such as a Eurostrategic negotiation. . . . We consider these approaches dangerous. The "Eurostrategic" concept on which they are based presumes that a European theater-nuclear balance can exist that is separated and isolated from other elements of deterrence. This would lead directly to the "decoupling" that they are trying to avoid. That is, it would be equivalent to recognizing that the central strategic forces of the U.S. do not protect Western Europe. Moreover, in technical terms, the delimitation between what is "Eurostrategic" or "gray area" and what is strategic is subject to controversies and incertitudes. A single Soviet or American SSBN is enough to upset the hypothetical balance. For these reasons we . . . reaffirm the continuity of the deterrent concept.[68]

In fact, French officials are aware that SALT II entails increasing insecurity for Western Europe as a whole and therefore privately endorse theater-nuclear modernization. To take a public

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[67] "Les Négociations SALT et la défense de l'Europe," *Défense nationale*, June 1978, pp. 55-56.

[68] "Trois aspects de la politique étrangère de la France: Défense, Détente, Désarmement," *Défense nationale*, March 1978, pp. 16-17. Former British Foreign Secretary David Owen and many others in Europe have since made the same argument. (For Owen's comments, see *Survival*, May-June 1980, pp. 122, 124.) The argument that "Eurostrategic" conceptions are decoupling and therefore are to be avoided strikes me as an inadequate response to the theater-nuclear imbalance. To pretend not to notice the weakening of the credibility of the American guarantee is to resurrect the Emperor whose lack of clothes is overlooked.



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position on the matter, however, would create an internal political controversy over defense policy. This potential controversy would be primarily within the government because of the Gaullists on whom Giscard d'Estaing's government depends. As to the opposition, the Socialists lack a clear position on SALT and the Communists parrot Soviet positions. The French Communists, for example, in December 1979 unanimously voted to censure the Giscard government as an "accomplice" in the NATO decision on theater-nuclear modernization, though the government had no formal role in the matter.[69]

Pierre Lellouche argues that official French attitudes are inconsistent (given the post-1974 "enlarged sanctuarization" of French strategic policy, which tended to associate France more closely with NATO) and inadequate (underestimating the magnitude of the Soviet threat to Western Europe). The implications of West German insecurity and the precarious credibility of France's own deterrent forces, Lellouche suggests, necessitate new policies. He recommends a vigorous modernization and expansion of French nuclear forces in cooperation with Britain or West Germany, or both, in order to provide for the security of West Germany, in particular, and of Western Europe, in general.[70]

Future French policy regarding SALT, however, will probably be a continuation of present positions. While the French are less likely than the British to acknowledge the fact publicly, both Britain and France partly depend on the continuance in force of the 1972 ABM treaty for the credibility of their strategic-nuclear forces. For this reason, at least, they are disposed to favor a continuation of the SALT process.

**The Possible Fate of SALT II**

At this writing, it is certain that SALT II will receive no further Senate consideration in 1980, primarily because of the Soviet invasion of Afghanistan and the U.S. elections. If President Carter is re-elected, it seems probable that the U.S. will continue indefinitely to observe SALT II without benefit of formal Senate ratification. Should SALT II finally be defeated in the Senate, it seems doubtful that SALT III will arrive very soon — if ever. While the situation could change in various ways under a Republican administration

[69] *Le Monde*, December 22, 1979.
[70] "La France, les SALT," pp. 254, 267-271.



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(e.g., protracted SALT II renegotiation or termination of the SALT process), I assume that SALT III may yet take place.

Indeed, formal Senate action may not even be necessary for SALT III to take place. Some European officials suggested to me that President Carter might defer a Senate vote indefinitely, fearing rejection of SALT II. In this case, they suggested, SALT II could become a recognized part of the international landscape without benefit of formal Senate action. SALT III negotiations could then take place on the basis of a nonratified SALT II, just as negotiations have continued on a Comprehensive Test Ban treaty on the basis of the nonratified treaties on a threshold test ban and peaceful nuclear explosions. These suggestions received support in Secretary Vance's statement that SALT III negotiations could begin in anticipation of SALT II ratification.[71] In July 1980, of course, the Soviets also adopted this position, at least as regards preliminary negotiations in anticipation of SALT III.

**Prospects for SALT III**

Under either scenario — SALT II ratification or SALT II observance without ratification — SALT III may yet take place. There is increasing consensus among concerned European observers that SALT III negotiations may be politically unavoidable, however, strategically awkward and even dangerous those negotiations may be. Indeed, some Europeans fear that SALT III negotiations involving theater-nuclear limits would constitute the "worst of both worlds" for Western Europe — lacking in comparable systems to negotiate with, constrained from obtaining comparable systems by SALT II provisions and domestic political forces, and facing an adversary with substantial theater-nuclear superiority.[72]

The following review of possible SALT III issues will not be comprehensive. Neither the modalities of NATO European participation nor verification, for example, will be discussed, on the assumption that such topics are secondary in relation to five others: European expectations and objectives for SALT III, possible Soviet aims in SALT III, implications of theater-nuclear force asymmetries for SALT III, cruise missiles, and possible trade-offs between theater and central systems.

[71] *Baltimore Sun*, December 15, 1979.
[72] Cf. Nerlich, "European Interests," p. 38.



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## NATO European Expectations and Objectives for SALT III

American behavior in SALT II has convinced many Europeans that "the decisions to be made should not be left only and entirely to rest on American authorities."[73] In order to avoid being placed in an even more vulnerable strategic situation, some Europeans have taken firm resolutions to defend their interests themselves. Ruehl has summarized these resolutions as follows:

> *First,* the modernization of NATO's nuclear armaments must neither be abandoned nor crucially curtailed unilaterally unless the Soviet Union makes appropriate counterconcessions.
>
> *Second,* strategic weapons systems of special relevance to Europe must only be included on the SALT agenda provided European NATO members so agree and are allowed to take part in the relevant negotiations, which must lead to the incorporation of these weapons systems in SALT III.
>
> *Third,* there must be no intermediate nuclear disparity in the Soviet Union's favor below the overall level of strategic parity between the two superpowers. This is a reference to Soviet medium-range missiles which represent a continental security risk in a European context.
>
> *Fourth,* US-Soviet accords must in no way impinge on either conventional or nuclear armament on the part of America's NATO partners. In particular, they must impose no restrictions on the transfer of technology with regard to conventional weapons systems.[74]

Such resolutions are partly reflected in the SALT III principles endorsed by the NATO ministers in December 1979. As described in the official communiqués, however, the SALT III principles are vague and as vulnerable to circumvention as the 1972 Jackson Amendment: "appropriate limitations on Soviet theater systems," the "principle of equality between the sides," and "adequately verifiable"[75] are elastic phrases reminiscent of earlier SALT formulations.

The vagueness of these SALT III principles reflects uncertainty within NATO governments about what they wish to achieve in SALT III. Not all Europeans would support Ruehl's four-point checklist above. Some, for example, would actually support extension of the SALT II protocol, in the hope that NATO nondeployment of GLCMs (and SLCMs) would somehow give the Soviets an incentive to negotiate limits on the SS-20.[76] Many Social Democrats, particularly in northern Europe — Belgium, the Netherlands, Norway,

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[73] De Rose, "The Future of SALT," p. 1066.

[74] "NATO European Call," p. 47.

[75] The December 1979 communiqués are reproduced in *NATO Review,* February 1980, pp. 24-28.

[76] Klaas G. de Vries, "Responding to the SS-20: An Alternative Approach," *Survival,* November-December 1979, p. 255.



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Britain, Denmark, and West Germany — favor a "zero option," whereby none of the long-range theater-nuclear forces approved in December 1979 would ever actually be deployed by NATO, owing to successful arms control negotiations.[77] Indeed, many Europeans endorse a Eurostrategic imbalance favoring the Soviet Union precisely because they feel a more equal balance would promote decoupling or would be provocative to the Soviets. That a "zero option" or "deep cuts" in the NATO LRTNF program would probably produce a more unfavorable Eurostrategic balance than would full implementation of the December 1979 decisions therefore does not alarm them.

When NATO decided, in December 1979, to deploy 572 LRTNF launchers beginning in 1983, and to make a simultaneous offer for arms control negotiations regarding such land-based missiles in the initial phase, it appears that little thought was given to possible SALT III provisions that would affect theater-nuclear forces. The number 572 was determined mainly by judging that many more LRTNF launchers would promote decoupling while many fewer would lack credibility. Apparently, what was not determined was a number denoting the necessary minimum of such forces — that is, some number that could serve as a fall-back position during the SALT III negotiations. NATO arms control planning in the Special Consultative Group seems bound to remain imprecise because there is little consensus within the alliance about what it would like to achieve in SALT III with respect to long-range theater-nuclear forces. This uncertainty arises in turn from rather diverse European (and U.S.) views regarding the state of the theater-nuclear balance and the strategic purpose of the new long-range theater-nuclear forces. For example, should LRTNF be used for war-fighting interdiction (and in what depth, against which targets) or for a demonstration of the credibility of the American guarantee, either to prevent a crisis or to aid in managing an emerging crisis? Unless NATO determines its strategic objectives with greater precision and solidarity, it can scarcely hope to negotiate effectively in SALT III.

### Possible Soviet Aims in SALT III

SPD arms conrol spokesman Alfons Pawelczyk has said that it is his impression that "the Soviet Union is interested in strik-

[77] See, for example, the SPD platform statement for the October 1980 elections (*Sicherheit für Deutschland: Wahlprogramm 1980,* pp. 13-14), which continues the position taken by the SPD at the Berlin party congress in early December, 1979.



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ing a balance at a lower level of armament."[78] Among the main indicators one might employ to reach a judgment about this statement are Soviet theater-nuclear capabilities, Soviet statements on SALT III, and Soviet behavior in SALT I and II.

By Western standards, the magnitude of Soviet theater-nuclear capabilities is grossly disproportionate to the number of targets on which those capabilities might be exercised:

> The number of NATO military installations which the Soviets might target with nuclear weapons is, at most, approximately three hundred. The Soviets presently have ten delivery systems for each target, and when the SS-20 has been fully fielded they will have ten weapons for each target in this system alone. . . . The Soviet motivation for this tremendous capability, enabling them to destroy every military installation in NATO ten times over, continues to be a mystery in the West.[79]

Seen in this light, President Brezhnev's October 1979 and July 1980 proposals for theater-nuclear arms control become suspect. For any ceilings the Soviets might ultimately accept on their SS-20 deployments would be virtually meaningless. Indeed, to pursue a real reduction in the threat to Western Europe through arms control is to pursue a mirage.

In threatening to target with nuclear weapons any NATO allies accepting new U.S. theater-nuclear forces, and in promising not to use nuclear weapons against NATO allies refusing to accept deployment of such systems on their soil, Brezhnev's October 1979 speech broke no new ground.[80] In fact, Nikita Khrushchev made similar statements in 1957-1958, when the United States first deployed long-range theater-nuclear forces in Europe.[81] As Pierre Hassner notes, what has changed is the context in which such threats are perceived: "Western Europeans realize that their security was [in the past] based on a balance of imbalances between Soviet regional [i.e., theater] and American global superiority. Now the latter

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[78] *Die Welt*, November 26, 1979.

[79] Francis X. Kane, "Safeguards from SALT: U.S. Technological Strategy in an Era of Arms Control," in Paul Nitze et al., *The Fateful Ends and Shades of SALT* (New York: Crane, Russak, 1979), p. 116. Even allowing for redundancy on reliability grounds, for survivability against hypothetical Western pre-emption, and for an even more ambitious target set in Western Europe, the Soviet capability seems excessive. One can, however, already foresee arguments for SALT III comparable to those used to promote ratification of SALT I and SALT II: "though their negotiated limit exceeds ours, we are preventing an even higher Soviet deployment." Indeed, a Soviet cutback in deployed SS-20s could unduly impress Western publics without substantively reducing the magnitude of the West's strategic problem.

[80] *Current Digest of the Soviet Press*, October 31, 1979, pp. 3-4.

[81] Thomas Wolfe, *Soviet Power and Europe, 1945-1970* (Baltimore: Johns Hopkins University Press, 1970), pp. 83-84, 143.



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has disappeared in favor of parity but the former has increased yet further."[82]

In July 1980, the Soviets stated that they would be willing to commence negotiations preliminary to SALT III while awaiting SALT II ratification, which is essential in their view for any SALT III treaty to take effect. The key result of this is to create the possibility of an alliance crisis (at least for European SALT-supporters) should the U.S. Senate refuse to ratify SALT II.

Other Soviet statements in July 1980 — particularly with respect to the inclusion of all U.S. "forward-based systems" in SALT III — in contrast to the NATO preference for land-based missiles only, in initial negotiations, have to date been too imprecise for analysis.[83] No one seems to know exactly which U.S. systems the Soviets wish to include under the FBS rubric, nor which Soviet systems they wish to exclude. One can say now, however, that it will be in the interest of the Soviets (and the West European opponents of LRTNF modernization) to include as many U.S. systems as possible, even if an A-6 carrier aircraft is far from being the equivalent of a Backfire or SS-20. The more forward-based systems there appear to be on the NATO side, the slighter the political feasibility of implementing the December 1979 LRTNF program. That the Soviets are likely to count forward-based systems in this fashion is implicit in their mendacious insistence that a rough "balance" in LRTNF already exists — an approach that parallels their MBFR position.

Soviet statements in July 1980 excluded British and French strategic-nuclear forces from at least the initial stages of SALT III. This exclusion is adroit on two counts. First, it isolates U.S. forward-based systems and makes them negotiable; it would not be surprising to see the Soviets propose reductions in their own theater systems in return for equivalent withdrawals of U.S. forward-based systems. Second, it may allow SALT III to begin with fewer impediments, given French determination not to participate in SALT III (and French firmness facilitates British adoption of a similar position). Moscow has an interest in a continued SALT process, for an atmosphere is thus created that inhibits Western rearmament while cloaking a continued Soviet military build-up. Indeed, the July 1980 Soviet arms control gestures (made during and after Schmidt's visit to Moscow) diverted West European attention from Afghanistan to arms control and assuaged anxieties stemming from the Soviet invasion of Afghanistan.

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[82] "Western European Perceptions of the USSR," *Daedalus*, Winter 1979, p. 147.
[83] Cf. Joseph Fitchett, in *International Herald Tribune*, July 10, 1980.



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So long as some theater-nuclear arms control negotiations are under way or appear to be in prospect, it seems doubtful that important sectors of public opinion in Belgium, the Netherlands, and West Germany will readily accept actual deployment of new NATO LRTNF. The argument is already widespread: Why deploy systems that are under negotiation, when negotiations may remove any need for them? Thus, the very existence of any relevant negotiations tends to delay (and may ultimately prevent) NATO LRTNF modernization. Continued U.S. Senate refusal to ratify SALT II will be portrayed by European opponents of LRTNF modernization as a failure to meet a legitimate Soviet precondition for SALT III and as a justification for delay or cancellation of the deployment decisions of December 1979.

In light of Soviet behavior in SALT I and II, there is little reason to hope that the balance foreseen by Pawelczyk would be an equal one. SALT agreements so far have tended to register the political facts represented by deployed nuclear arsenals. SALT I and II were negotiations based on inequality, and inequalities were selectively codified in the agreements. (In SALT I, numerical inequalities were obvious in higher ICBM and SLBM ceilings for the Soviet Union; in SALT II, the practical effect of seemingly equal ceilings is to allow the Soviets an advantage of more than 200 MIRVed ICBMs, much more throw-weight, greater numbers of ICBM warheads, a unique right to heavy ICBMs, etc.)

It seems probable that among the Soviet Union's SALT III objectives will be to perpetuate Soviet theater-nuclear superiority, an outcome likely to be militarily valuable for the Soviet Union and harmful to NATO's cohesion and military effectiveness. To give Pawelczyk's statement a meaning he probably did not intend, it is nonetheless reasonable to suppose that the Soviets would be amenable to codifying their superiority at a lower level of effort. Another possible Soviet objective in SALT III is to continue complicating NATO and U.S. nuclear-policy planning by introducing arms control considerations inimical to military criteria for procurement.

### The Implications of Theater-Nuclear Force Asymmetries for SALT III

Because of the West's lack of comparable theater systems, some Europeans have argued that no SALT III negotiations should take place until decisions on "bargaining chips" — in fact, essential systems — have been made *and implemented*. François de Rose remarks that it is



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difficult to envisage what aim for the negotiation could be at the same time reasonable as far as the chances of success are concerned and acceptable in terms of Western security. . . . imagine that the Kremlin would agree to reduce by ten or 20 per cent the number of SS-20s which are to replace, or be deployed alongside, the 600-odd SS-4 and SS-5 missiles now accounted for. It could hardly make any difference to the threat confronting Europe.

So, at least in the present state of things, the most likely result of talks on gray area weapons would be the political and juridical ratification of the inferiority of the Alliance. . . . It would be difficult to overestimate the adverse consequences on allied relationships as well as on the future of Europe of such a freezing of a new and dangerous situation.[84]

De Rose's reference to the SS-20 suggests what NATO's primary target in theater aspects of SALT III negotiations should be.[85] In fact, it has been reported that the Unied Sates has already circulated a draft SALT III proposal in NATO that would allow both sides — NATO and the Warsaw Pact — to deploy a total of 600 nuclear warheads on medium-range missiles in Europe.[86] This proposal is presumably intended to limit numbers of SS-20s as much as possible, but it appears "extremely unlikely that the Soviet Union will drop the obviously main purpose of the SS-20" by agreeing to significant limits on its ability to suppress NATO's nuclear capabilities.[87] Some European observers therefore predict that the Soviets will use the lure of SS-20 limitations to restrict and delay NATO's own theater-nuclear modernization: hence, the notion that "assuming SALT II should be ratified, the only chance for NATO to grasp the cruise missile option would be a U.S. decision to forgo SALT III entirely."[88]

### Cruise Missiles in SALT III

Some European observers accepted U.S. assurances that the protocol would expire on December 31, 1981, as projected, and would therefore have no military impact. Others, however, proposed a U.S. Senate amendment resolution requiring a two-thirds majority vote of the Senate to extend the protocol.[89] The Senate Foreign

[84] "The Future of SALT," p. 1071. Cf. Martin, "A Strategic Symposium," p. 37.

[85] Several Europeans whom I interviewed expressed concern that U.S. and NATO officials continue to count SS-4s and SS-5s as negotiable systems, a count that encourages the Soviets to stop dismantling obsolescent and rather unreliable systems in order to retain them as bargaining chips. At the same time, some European strategists deplore the American tendency to omit the Soviet SS-22 from SALT III planning, even though this missile's 1,000-kilometer range will enable it to strike any NATO target (including new LRTNF) in Central Europe.

[86] Richard Burt, *New York Times*, September 7, 1979.

[87] Nerlich, "European Interests," p. 42.

[88] Wörner, "SALT II: A European Perspective," p. 11.

[89] Flora Lewis, *New York Times*, June 17, 1979.



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Relations Committee responded to such concerns by attaching understandings to its proposed Resolution of Ratification, both on noncircumvention and on the protocol: "neither the Treaty nor Protocol may be extended in whole or in part without the advice and consent of the Senate."[90]

In practical terms, such Senate action may have little relevance to the fate of cruise missiles in SALT III. The Joint Statement of Principles implies agreement to negotiate further on matters covered in the protocol, and thus the Soviets are likely to insist on including cruise missiles in SALT III. Moreover, as Eugene Rostow has noted, the will of Congress has already been ignored by President Carter with respect to the extension by executive agreement of the SALT I Interim Agreement — an action (like Carter's behavior regarding the threshold test ban treaty and SALT II) that is apparently inconsistent with Section 33 of the Arms Control and Disarmament Act of 1961.[91] As some Europeans have asked, if the protocol's cruise missile restrictions are so important to the Soviets now, when those restrictions lack practical effect, why should the Soviets change their minds when the new cruise missiles are ready for actual deployment?

**European Security and Central Systems Trade-offs**

Aside from theater-nuclear limitations, the main area mentioned by U.S. officials as a probable focus of SALT III negotiations is that of "deep cuts" and qualitative restrictions on American and Soviet central systems. Such measures could also undermine European security because they could make it harder for the United States to attain the strategic flexibility that is derived from well-controlled, prompt countermilitary potential. If equivalent percentage cuts were made in strategic-nuclear arsenals that are asymmetrical in throw-weight, Washington might be forced to move even more in the direction of destabilizing and decoupling "launch under attack" policies.

Because of their mobility, the MX ICBMs projected for initial deployment in the late 1980s will be more survivable than fixed ICBMs. Their survivability will be partly a function of SALT II

[90] U.S. Senate, Committee on Foreign Relations, *The SALT II Treaty, Report* (Washington: GPO, 1979), p. 37.

[91] Rostow testimony in U.S. Senate, Committee on Foreign Relations, *The SALT II Treaty, Hearings*, pt. 4, p. 29. Section 33 of the Arms Control and Disarmament Act of 1961 states that "no action shall be taken under this or any other law that will obligate the United States to disarm or to reduce or to limit the Armed Forces or armaments of the United States, except pursuant to the treaty-making power of the President under the Constitution or unless authorized by further affirmative legislation by the Congress of the United States."



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MIRV-fractionation limits — if those limits are retained beyond 1985. What will be the Soviet motivation in SALT III for extending SALT II's MIRV-fractionation limits beyond 1985? Can the Soviets have an interest in making MX survivable? Is it not, rather, to their interest to make MX as vulnerable in SALT III as they made Minuteman in SALT I and II? What price would the U.S. have to pay to continue these limits? Finally, would the price paid be at the expense of NATO European interests?

The prospect of trade-offs between theater-nuclear forces and central systems might well sow discord among the Western allies. At the beginning of his presidency, Carter suggested that the United States might drop the MX program in return for a cutback in the Soviet SS-20 program.[92] The reverse type of trade-off is equally worrisome to Europeans, as Pierre Lellouche notes:

> [The U.S.] may be tempted to exchange a reduction of her theatre weapons in Europe for some "deep cuts" at the central level, in an attempt to reduce the threat on the United States herself. In this context, given the Soviet superiority in the theatre nuclear forces (TNF) area, this negotiation can only weaken further the credibility of NATO's flexible response doctrine and precipitate the process of decoupling of the European theatre from the use of U.S. central systems.[93]

Aside from verification problems, the risk of such strategically unsound trade-offs is a major objection to the proposal some European strategists have made informally for SALT III — an aggregated ceiling of all theater and central systems on both sides, with perhaps some subceilings and limits on "freedom to mix."

**More of the Same?**

Before NATO can make sensible choices about SALT III, it will need to make decisions about a sensible theater-nuclear posture that have been deferred for more than twenty years. A sensible theater-nuclear posture would go beyond the December 1979 decision to acquire P2XRs and GLCMs to include other options and defensive capabilities. Unfortunately, primarily because of the bureaucratic and political inertia vested in the vague doctrine of "flexible response," this NATO decision seems to have been taken for the wrong reasons: (1) in order to have "bargaining chips" for SALT III and (2) to support NATO's traditional "flexible response" strategy. What NATO needs — and what it neglects — is a war-

[92] Wolfe, *The SALT Experience*, p. 373n.
[93] "SALT and European Security: The French Dilemma," *Survival*, January-February 1980, p. 3.



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fighting capability that might more effectively deter the Soviet Union. Otherwise, NATO will have the means only to deter itself.

That the new systems lack a theater war-fighting purpose is suggested by Harold Brown's statement that their twin purpose is to avoid a perception of "decoupling" and "to strengthen the linkage of U.S. strategic forces to the defense of Europe," and by his acknowledgment that their chance of survivability is narrow.[94] The December 1979 deliberations — while praiseworthy as demonstrations of NATO's ability to act together in security decisions — have therefore produced essentially symbolic results, lacking sufficient military utility. The political capital invested in these decisions may be wasted if no further steps are pursued. Given the current and prospective strategic balance, the United States in particular should *not* be supporting "flexible response" by looking solely for additional means to threaten and ensure escalatory coupling to intercontinental strategic-nuclear war. Pending U.S. action that would restore the credibility of the intercontinental guarantee, it is to NATO's interest to create the means for highly effective local defense and denial — through enhanced-radiation weapons, above all, but through numerous other improvements, too.[95]

The December 1979 decisions come close to what Uwe Nerlich predicted as "the worse possible outcome," aside from no theater-nuclear decision at all: "a decision to link eventual deployments to unspecified negotiations with unspecified objectives over an unspecified time span."[96] This judgment naturally relates very directly to NATO's perennial inability to agree on more than a rather nebulous strategic doctrine, and to NATO's consequent lack of specific negotiating objectives. The history of SALT suggests that to enter into arms control negotiations without clear doctrinal and postural objectives is to enter blindly. The result of prospective SALT III negotiations could therefore be — and this after negotiations drag on over several years — a continuation of NATO's inadequate theater-nuclear force posture (with marginal improvements, at best) and a legitimizing codification of Soviet theater-nuclear superiority.

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[94] *Report of Secretary of Defense Harold Brown to the Congress on the FY 1981 Budget*, pp. 7 ,146.

[95] For extensive discussion of this point, see William R. Van Cleave and Samuel T. Cohen, *Tactical Nuclear Weapons* (New York: Crane, Russak, 1979) and J. J. Martin, "Nuclear Weapons in NATO's Deterrent Strategy," ORBIS, Winter 1979.

[96] "Theater Nuclear Forces in Europe," p. 122.



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# SALT VERIFICATION: THE EVOLUTION OF SOVIET VIEWS AND THEIR MEANING FOR THE FUTURE*

by Stuart A. Cohen

In the United States, published discussions of the technical and legal niceties of various SALT-related verification issues are voluminous; many of these analyses are authoritative, having been produced either through official government channels, or by people who have a "need to know" the specifics of U.S. monitoring capabilities, or by former members of the government's arms control community.[1] In contrast, detailed Soviet discussions of verification issues are virtually nonexistent.

Until recently, the only notable verification-relevant public commentary offered by the USSR has been its outright rejection of any suggestion that it might have willfully violated any aspect of the SALT I accords. As an example, General of the Army V. Tolubko, a deputy minister of defense and chief of the Strategic Rocket Forces (SRF), in responce to U.S. allegations of Soviet duplicity in violating the Interim Agreement on Strategic Arms, argued that

> in all its history the Soviet Union has never violated obligations which it has assumed. Moreover, it will not violate its obligation in such a most important political issue as the Interim Agreement between the USSR and the United States on the Limitation of Strategic Offensive Arms. We are

* A slightly different version of this article will appear as a chapter in William C. Potter's *Verification and SALT*, which is scheduled to be published by Westview Press in late 1980.

This article has been reviewed by the CIA's Publications Review Board in order to assist the author in avoiding the disclosure of classified information; however, neither that review nor the author's affiliation with the CIA constitutes or implies either CIA authentication of facts or endorsement of views.

[1] See U.S. Arms Control and Disarmament Agency, *Verification: The Critical Element of Arms Control*, Publication no. 85, March 1976; Les Aspin, "The Verification of the SALT II Agreement," *Scientific American*, February 1979; Jake Garn, "The SALT II Verification Myth," *Strategic Review*, Summer 1979; and Amron H. Katz, *Verification and SALT: The State of the Art and the Art of the State* (Washington: Heritage Foundation, 1979) respectively.

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strictly adhering to the signed documents. Not one single new silo for a surface launching installation has been installed since May 1972 and we are not conducting any tests of new mobile intercontinental systems.[2]

During the final stages of the SALT II negotiations and in the midst of Senate ratification procedures, stated U.S. concerns over verification have evoked several Soviet responses. Generally, these have been simply a playback of administration arguments on the sufficiency of current verification procedures and methods[3] and on the utility of verification agreements for limiting U.S. uncertainties about the nature and scope of current and prospective Soviet strategic programs. Georgiy Arbatov, the head of the Institute of the USA and Canada and reputed to be a key adviser to the Soviet leadership on U.S. affairs,[4] noted that "the agreement provides a whole system of verification measures: special counting rules, a pledge not to interfere with each other's technical means, an obligation not to conceal telemetric data that are needed for verification, a special commission to deal with questions in dispute. *Let the Americans ask themselves whether they will know more about our strategic forces without this system.*"[5]

The only exceptions to the otherwise placid Soviet treatment of verification questions has been the discordant note sounded by Novosti "political observer" Aleksander Druzhinin and the subtle threats over MX verification questions, apparently made by Soviet Minister of Defense Marshal D. F. Ustinov. Druzhinin warned that *trust* was necessary if SALT II were to be ratified. To strengthen his case, he even implied that behind-the-scenes Soviet concern over U.S. compliance with strategic arms limitation agreements had been

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[2] Interview with Tolubko, *Nedelya*, no. 46, November 11-17, 1974, p. 4. The most explicit and completely catalogued compilation of alleged Soviet SALT I violations is contained in U.S. Department of State, Bureau of Public Affairs, *Compliance with SALT I Agreements*, Special Report no. 55, July 1979. See, also, Melvin R. Laird's "Is *This* Detente?," *Reader's Digest*, July 1975, pp. 54-57, and Tad Szulc, "Soviet Violations of the SALT Deal: Have We Been Had?," *The New Republic*, June 7, 1975.

[3] See, for example, the statement by Soviet Foreign Minister Andrey Gromyko on June 25, 1979, in Moscow Domestic Service in Russian, 1600 GMT, June 25, 1979, Foreign Broadcast Information Service (FBIS), *Daily Report*, (Soviet Union), June 26, 1979, p. AA10.

[4] Arbatov, it has been reported, "regularly participates in the preparation of the USSR's American policy." (Budapest Domestic Television Service in Hungarian, 1830 GMT, August 5, 1973, FBIS, *Daily Report* [Soviet Union], August 7, 1973, p. A14). He was, in fact, a member of Brezhnev's delegation to the 1973 summit held in Washington, D.C.

[5] Georgiy Arbatov, untitled exclusive article for *Newsweek*, May 28, 1979, p. 50. (Emphasis added.)



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overcome — all in the interest of reaching a SALT agreement. He argued:

> Mutual trust is a necessary condition for the success of any international agreement. This truth should be recalled in view of the fact that the [closer] the signing of SALT II is, the more it is said among certain American political and military quarters that the US will be unable to verify its observance by the Soviet Union.
>
> I can ask the following question in this context: can the USSR be sure that the US will not violate the treaty?[6]

Ustinov reportedly raised verification as an issue at his June 17 summit meeting with U.S. Defense Secretary Harold Brown and JCS Chairman David C. Jones. Ustinov expressed concern over how national technical means of verification could monitor the MX missile basing schemes now under consideration. For his part, General Jones stressed that "access to unencrypted telemetry is essential to the verification of SALT II." In response, Ustinov warned:

> As far as telemetry goes, I don't think there is any sense in discussing this problem. The information essential to verification of the provisions of the Treaty will not be encrypted. Agreement in this has been reached. But on such ICBM launcher basing modes which have been in the US areas we believe that they are inconsistent with the Treaty, particularly in respect to verification. *Moreover such deployments could cause a reaction, and we do not believe that the US side would be happy with respect to verification.*[7]

Despite the primitive state of Soviet verification literature,[8] there can be no doubt that this issue has received thorough

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[6] Aleksander Druzhinin, "The Soviet View of SALT," *Christian Science Monitor*, June 14, 1979. One Soviet commentator — in response to the purportedly spontaneous concerns of a number of "comrades" who ask, "Won't the Americans deceive us? Won't they lull our vigilance?" — responded: "In this respect, comrades, you may rest assured. Our party and state, following the lessons of history, do not believe anybody's word and before signing the treaty, the question of providing reliable verification of its implementation was discussed carefully and comprehensively. As I told you last time and I stress today, in our century of developed electronics and space flights, those who are entrusted with such verification, possess all the necessary facilities for immediately finding out any violation of the treaty, if it occurs." (Moscow Domestic Television Service in Russian, 1545 GMT, June 23, 1979, FBIS, *Daily Report* [Soviet Union], July 11, 1979, p. AA4.) See Moscow TASS commentary broadcast in English, 2017 GMT, July 4, 1979, FBIS, *Daily Report* (Soviet Union), July 5, 1979, p. AA8, for an analogous critique of those in the West who "speculate on alleged insufficiency of verification means" and their "broader aim," namely, to sow doubts about "the possibility of trust."

[7] "But We Did Get to Know Each Other," *Wall Street Journal*, September 11, 1979. (Emphasis added.)

[8] One searches in vain for a definition or an elaboration of verification (in an arms control context) in any of several military terminology dictionaries. In official Soviet texts of various arms control agreements and in passing references to these agreements, the term used to signify verification is *kontrol*. Soviet nonmilitary dictionaries define *kontrol* as simply "verification [*proverka*] and also observation with the goal of verifying." (*Russian Language Dictionary*, compiled by S. E. Ozhegov [Moscow: 1968].) In contrast, a pamphlet put out by the U.S. Arms Control and Disarmament Agency defined verification as "the attempt to check the truth of a statement against



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and painstaking exposition, albeit within the confines of a very select group of Soviet political-military leaders and their advisers. The twenty-year history of Soviet-American arms control has ensured their attention. (See Appendix A.) Moreover, the Soviets did concur during SALT I — in the ABM treaty and in the Interim Agreement on Strategic Arms of May 26, 1972 — to certain ground rules on what verification entails. These ground rules have been reaffirmed in SALT II, suggesting that both sides are satisfied with the terminology and presumably the substance incorporated into the "verification" rhetoric. Article 12 of the ABM treaty, Article 5 of the interim agreement, and Article 15 of the yet-to-be-ratified SALT II treaty state:

> 1. For the purpose of providing assurance of compliance with the provisions of this Interim Agreement [Treaty], each Party shall use national technical means of verification at its disposal in a manner consistent with generally recognized principles of international law.
>
> 2. Each Party undertakes not to interfere with the national technical means of verification of the other Party operating in accordance with paragraph one of this Article.
>
> 3. Each Party undertakes not to use deliberate concealment measures which impede verification by national technical means of compliance with the provisions of this Interim Agreement [Treaty]. This obligation shall not require changes in current construction, assembly, conversion, or overhaul practices.[9]

Although the apparatus and procedures therein established have apparently proved feasible, analysis of the various articles cited above still raises some compelling questions about Soviet attitudes and policies with respect to SALT verification. For instance: (1) What systems, techniques, or means are included under the umbrella of "national technical means of verification (NTMVs)"? (2) How can NTMVs act *inconsistently* with agreed principles of international law? (3) What constitutes, on the one hand, *interference with NTMVs* and, on the other hand, *deliberate concealment* measures?

The answers to these questions will take us a giant step closer to discerning the current state of official Soviet thought on the subject of verification. In this task, despite the paucity of available Soviet literature that is explicitly verification-oriented, diplomatic and technical writings in large part prove sufficient.

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the facts of the case — to look beyond words to deeds. As a technical term in the vocabulary of arms control, verification refers to the process of assessing compliance with the provisions contained in arms control treaties and agreements. It is the attempt to ascertain whether states are living up to their international obligations." (*Verification: The Critical Element*, March 1976, p. 2.)

[9] See Appendix B for the terms of Article 17 of the SALT II treaty that pertain to the role and mission of the Standing Consultative Commission (SCC).



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## What Are National Technical Means?

There are now several categories of verification methods. The one that is conceded to be the "main approach currently used" consists of so-called national technical means.[10] The other techniques, which over the past twenty years have been the subject of great discussion but of considerably less significance in application, include on-site inspection, exchange and analysis of data concerning an agreement, and an international monitoring system (à la the International Atomic Energy Agency).[11] The focus of this section as well as of this paper as a whole will be on national technical means; moreover, it will treat primarily of one particular type of national technical means.

It will almost certainly come as no great surprise to learn that satellites are important NTMVs.[12] The U.S. press has long referred to satellites as primary intelligence collectors and as the cornerstone of U.S. and Soviet verification capabilities. Despite such blatant recognition of U.S. reliance on satellite monitoring programs and facilities, the U.S. government did not officially acknowledge its use of photo-reconnaissance satellites until October 1, 1978. On that occasion, President Carter personally took the lead; his announcement was apparently to have been the prelude to eventual declassi-

[10] U.S. Arms Control and Disarmament Agency, *15th Annual Report to the Congress*, Publication no. 88, July 1976, p. 51.

[11] Ibid., pp. 51-53. Both the United States and the Soviet Union apparently agree that on-site inspection is very likely to remain a secondary approach. The ACDA pamphlet, for instance, notes that "future progress in some areas of arms control may well depend on a greater readiness on the part of the Soviet Union and its allies to consider arrangements of this kind [on-site inspection]. In evaluating the role of on-site inspection and related measures in future agreements, however, it is important to distinguish between the symbolic or political value of such measures and their actual worth for verification. In most cases they will act as a supplement to national technical means." (Ibid. p. 52.)

If we compare this stand with that taken in a Soviet radio broadcast asserting the adequacy of national technical means, one is struck by the similarity in position: "Let's assume that in addition to the national means of surveillance the sides would agree to set up groups, each of which would have the right to inspect any area and any spot whether in the United States or in the Soviet Union. More likely, the existence of such groups would add nothing to the national means of control. On the contrary, it would provoke a mass of complications, conflicts and disputes as their curiosity could stretch to the fields that stand far from the sphere of strategic arms." (Moscow Radio broadcast in English to North America, 2300 GMT, July 27, 1979, FBIS, *Daily Report* [Soviet Union], July 30, 1979, p. AA3.)

[12] According to one source, the U.S. arsenal for verification of the treaty includes three main elements: "satellites," "ground stations," and "ships and aircraft." (Richard Burt, "Technology Is Essential to Arms Verification," *New York Times*, August 14, 1979.) See, also, Alexander Scott [pseudonym], "Strategic Reconnaissance and the Verification of the SALT II Agreement," *Armed Forces Journal*, June 1979. Commentators have been circumspect in their speculations on a fourth monitoring dimension — the use of clandestine agents, or spies. (See, for example, Henry L. Trewhitt, "Taking Treaty with Grain of SALT," *Baltimore Sun*, May 27, 1979.)



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fication and publication of U.S. satellite reconnaissance photography. The Soviets were said to have been consulted in advance and indicated no strong objection to the president's acknowledgment, despite some concern that the United States "would be opening a Pandora's Box in terms of Third World countries."[13]

In contrast, the Soviet Union, shortly after the signature of the SALT I accords, acknowledged that satellites would be used to monitor the terms of the agreement. In July 1972 in *Mezhdunarodnaya zhizn*, V. Viktorov, a frequent commentator on arms control matters, offered a relatively thorough discussion — by Soviet standards — of the SALT I accords. He noted that both the United States and the USSR monitor "the implementation of the commitments adopted by the other side under the [ABM] treaty." To do this, he indicated that each nation would use "the national technical monitoring facilities at its disposal while observing generally recognized norms of international law." Finally, Viktorov pointed out that

> it should be noted that the existence of such sophisticated facilities, particularly artificial earth satellites, make it considerably easier to reach agreement, since it removed the question of conducting international on-the-spot inspections, which had been a stumbling block during previous examinations of many other disarmament measures. . . . The treaty prohibits interference by the other side with national technical monitoring facilities.[14]

Reference to the use of satellites for monitoring the accords, however, did not become standard fare in the Soviet media. Almost immediately, this sort of public citation ceased and reference to monitoring capabilities became even more restrained — more in line with the June 1972 issue of *Novoye vremya*, in which monitoring was simply attributed to "technical verification facilities at their [U.S. and Soviet] disposal."[15] The author, N. Arkadyev, refrained from any mention of the permissibility or impermissibility of using satellites in a verification role. Later that same year, *Krasnaya zvezda*, the daily newspaper of the Soviet Ministry of Defense, offered a cursory re-

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[13] Robert O. Toth, "Question of Disclosing Spy Satellite Photos Stirs Argument," *Washington Post*, November 13, 1978. Third World commentary thus far has been benign. In the words of one Yugoslav reporter, "the world press and other so-called mass media have published the recent news from Cape Canaveral . . . inconspicuously and obscurely and almost without commentary — if they published at all. In some places it was even accidentally thrown into the wastepaper basket." The point of this particular piece was that spy satellites insofar as they made arms control possible are "good," that in the future these satellites "will be acquired by all and not only by some," and that this is as it should be. ("The World Today: Peace Via Satellite," *Vjesnik*, October 6, 1978, p. 2.)

[14] "An Agreement of Historic Importance," no. 7, July 1972, p. 25.

[15] N. Arkadyev, "An Important Contribution in Checking the Arms Race," no. 23, June 2, 1972, p. 5.



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view of the development of satellite reconnaissance with absolutely no recognition of its utility for arms control verification. The authors — two mid-level Soviet officers — warned that "the Pentagon's increasingly extensive use of space technology for purposes very far removed from scientific research in no way accords with the tendencies which have begun to appear toward limiting the arms race."[16] Thus, the Soviet stance on the legitimacy of satellite intelligence collection, in general, and for monitoring arms control agreements, in particular, was less than clear — this despite both sides' dependence on satellite reconnaissance and Viktorov's public recognition of the verification role of satellites.

It was not until after President Carter's public acknowledgement of U.S. satellite reconnaissance programs that the Soviets resurrected Viktorov's line on the utility of satellite monitoring. In an article in the March 1979 edition of *Voprosiy istorii*, R. G. Tumkovskiy referred to national technical means of verification that "include artificial earth satellites equipped with photo and radio-technical verification systems, ground-based radar stations, etc."[17] This by far represents the most inclusive public statement made to date on what systems are incorporated into the NTMVs concept. It still falls short, however, of the sort of blanket legitimization that is presumed by many to be implicit in the seven-year record of SALT I treaty verification. For instance, Tumkovskiy's elaboration on what systems are incorporated into the concept of NTMVs cites ground-based radar stations but fails to specify whether these can be located in third countries, as in the case of U.S. installations in Iran. Similarly neglected is the question of whether airborne platforms like the U-2 or the SR-71 can legitimately monitor arms control agreements — that is, whether these systems might qualify as NTMVs. The Soviets, for instance, continue to cite U-2 and SR-71 flights as "spy operations."[18]

The Soviets have also taken a very dim view of the matter of just how crucial U.S. monitoring stations in Iran were to U.S. verification capabilities, denying any U.S. right to compensation for the loss of these monitoring posts and suggesting that such claims are "absurd." Well-known Soviet commentators such as

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[16] Colonel Yu. Safronov and Lt.-Colonel Ya. Sukhanov, "Samos, Midas and Others," October 26, 1972, p. 3.

[17] "Soviet-American Talks on Limitation of Strategic Arms," no. 3, p. 74 (fn. 17). See, also, A. A. Platonov, "Major Achievement in the Sphere of Arms Limitation," *SShA: ekonomika, politka, ideologiya*, no. 9, September 1979, p. 21. Platonov refers to "national technical facilities," including "space, radiometric and other apparatus capable of obtaining the necessary data."

[18] TASS report broadcast in Russian, 1430 GMT, March 11, 1979, FBIS, *Daily Report (Soviet Union)*, March 12, 1979, p. B2.



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Aleksander Bovin and Sergiy Losev have in mock response suggested as quid pro quos for any U.S. compensation that permission be given for "Soviet reconnaissance aircraft to fly along the Soviet-Turkish border" and that "Soviet tracking stations should be located . . . on the territory of Canada or Mexico."[19]

**International Law Versus NTMVs**

This brings us to the issue of how the Soviets understand the phrase "consistent with agreed principles of international law." The mere inclusion of this requirement suggests that the USSR considers that national technical means can violate international law; however, the international legal standards that the USSR seeks to defend in agreeing to such language is not readily apparent from the text of the SALT accords. As a consequence, a somewhat cursory review of Soviet positions over the years on the legitimacy or illegitimacy of reconnaissance follows.

To begin with, the indictment presented by the Soviet government on August 17, 1960, during the trial of U-2 pilot Francis Gary Powers appears to have been grounded on two allegations: first and foremost was Powers's intrusion into Soviet airspace; second was the objection to the types of data obtained by the United States. The thrust of the indictment relegates the person of Gary Powers far into the background; in effect, U.S. policy, as it concerned the methods of intelligence collection employed and the types of data obtained on the USSR, was on trial. For instance, the indictment signed by the KGB Chairman Aleksander Shelepin asserted:

> Secretary of State Herter announced in his statement, unprecedented in the history of international relations, that in accordance with the National Security Act of 1947, President Eisenhower had put into effect since the beginning of his administration directives to carry out intelligence operations against the Soviet Union. Under these directives, as noted by Herter, programs have been developed and put into operation providing *for the incursion of American reconnaissance aircraft into the airspace of the USSR.*
>
> . . . . . .
>
> Nixon declared that the United States needed a continuous program of espionage. . . . In other words, he was upholding for the United States of America the right to espionage.

[19] See, respectively, Aleksander Bovin, Moscow Domestic Television Service in Russian, 1500 GMT, July 8, 1979, FBIS, *Daily Report* (Soviet Union), July 20, 1979, p. AA6, and Sergiy Losev, Moscow Radio broadcast in English to North America, 0001 GMT, May 5, 1979, FBIS, *Daily Report* (Soviet Union), May 7, 1979, p. A42.



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These statements by the Secretary of State, the President and Vice President of the United States were an official confirmation of the hostile activities which were conducted by the United States of America with regard to the Soviet Union over a number of years and expressed in repeated incursions by American planes into the airspace of the USSR for intelligence purposes.

Thus, the Government of the US officially proclaimed in peacetime a policy which can only be followed in conditions where countries are in a state of war.[20]

The indictment also noted that Powers "not only invaded the airspace of the USSR" but was also involved in

gathering strategic intelligence on the location of missile bases, airfields, radar facilities and other important defense and industrial establishments of the USSR, that is, information which represents the state and military secrets of the Soviet Union, and, having flown over 2,000 kilometers deep into the Soviet Union, photographed with special equipment a number of the above-mentioned installations and tape recorded the signals of radar stations, and collected other information of espionage character.[21]

Early on in the U.S.-Soviet dialogue on the nature and legitimacy of satellite reconnaissance, the USSR took an extremely inflexible stance. In 1962, the Soviet delegation to the United Nations sought to ban all space-based intelligence collection. The delegates, seeking to justify their call for the prohibition of satellite reconnaissance, asserted that

we cannot agree with the claim that all observation from space, including observation for the purpose of collecting intelligence data, is in conformity with international law. Such observation is just as wrong as when intelligence data are obtained by other means, such as by photographs made from the air. The object to which such illegal surveillance is directed constitutes a secret guarded by a sovereign state, and regardless of the means by which such an operation is carried out, it is in all cases an intrusion into something guarded by a sovereign state in conformity with its sovereign prerogative. Thus, such observations are in violation of the sovereignty of states, and no analogy exists here with principles applying to open seas.[22]

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[20] *The Trial of the U-2, Exclusive Authorized Account of the Court Proceedings of Francis Gary Powers,* introduction by Harold J. Berman (Chicago: Translation World, 1960), pp. 5-6. (Emphasis added.)

[21] Ibid., p. 20. Thus, Powers was accused of collecting the same types of intelligence on the same subjects that have since been legitimized by the strategic-arms limitation process.

[22] UN Document A/C IPV 1289, G.A.O.R., First Committee, Seventeenth Session, December 3, 1962, p. 57; cited in U.S. Senate, Committee on Aeronautical and Space Science, *Soviet Space Programs, 1962-1965: Goals and Purposes, Achievements, Plans, and International Implications,* Eighty-ninth Congress, Second Session, December 30, 1966, pp. 503-504. Early the next year, the Soviet representative to the Legal Subcommittee of the Committee for the Peaceful Uses of Outer Space justified the USSR's position by citing "provisions of the Hague Convention of 1907 respecting the Laws and Customs of War on Land [that] outlawed spying — and satellites used for the



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Reference to the U.S. "open reconnaissance war against the Soviet Union" became commonplace, and U.S. space reconnaissance programs were treated as inherently violating international law. *Krasnaya zvezda*, for instance, defined space-based reconnaissance under the Johnson administration as "uninterrupted observance of the earth with the aid of photographs and moving pictures of foreign territories" and suggested that this "in any language of the world is called espionage."[23] As late as 1966, Soviet legal experts continued to call for the prohibition of satellite reconnaissance. G. P. Zhukov argued: "If reconnaissance data are collected with the help of a satellite, espionage does not cease to be espionage and responsibility does not diminish at all because of the fact that outer space is used for espionage."[24]

The Soviets continued through the mid-1960s to treat reconnaissance satellites as inherently aggressive. For instance, the third edition of *Voyennaya strategiya* [Military Strategy], edited by the influential former chief of the Soviet General Staff, Marshal V. D. Sokolovskiy, noted that "at the present time in the USA, there have been developed and continue to be developed, a series of space weapons supporting systems which are primarily designated for conducting strategic reconnaissance operations, securing communications and control for the benefit of all the services of the armed forces, and for securing navigation of military ships and planes."[25]

In the late 1960s, Soviet commentators remained critical of what they interpreted as the warped position adopted by the United States with respect to the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies (known as the Space

collection of intelligence material would be spies. Article 36 of the Convention of International Civil Aviation signed at Chicago in 1944 stated: Each contracting State may prohibit or regulate the use of photographic apparatus in aircraft over its territory. The altitude from which espionage is practiced over a territory does not change the situation." (UN Document A/AC.105/C.2/SP, April 17, 1963, pp. 6-7; cited in U.S. Senate, *Soviet Space Programs, 1962-1965*, p. 504.)

[23] V. Denisov and F. Soluyanov, "Espionage from Space," August 31, 1967, p. 3.

[24] *Kosmicheskoe pravo* (Moscow: 1966), p. 35. Some three years earlier, Zhukov distinguished between legitimate and illegitimate observations from outer space: "Sometimes in the West the argument is voiced that observation from outer space is not forbidden by international law and consequently is legal. But it is clear to anyone that there are different kinds of observation from outer space. The observer may confine himself to survey of clouds and collection of other data necessary for meteorological forecasts. That is one thing. And quite another thing is when the satellite makes photographs of military objects of another State — for example, rocket bases. Such observation of another State's territory is illegal no matter where it is conducted from — from the surface of the earth, from the air, or from outer space." (*Freedom of Space and Its Limits* [Moscow: 1963]; cited in *Soviet Space Programs, 1962-1965*, p. 504.)

[25] (Moscow: 1968), p. 109.



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Treaty), which entered into force on October 10, 1967. In June 1969, a Soviet general officer in the restricted-dissemination journal of the Ministry of Defense, *Voyennaya mysl* [Military Thought], suggested that "in the opinion of official circles in the United States, measures of a military type are permissible in space if they do not constitute an act of direct aggression. According to this view, space can legitimately be used for gathering intelligence, for example, or any other action not involving the employment of mass annihilation weapons." In contradistinction, the officer offered the more ethereal Soviet position in which prospects for turning space into a safe haven were linked not to some future arms limitation understanding, but to "universal and total disarmament."[26]

In short, the Soviet position appeared to be that satellite reconnaissance was no different from more traditional reconnaissance techniques — whether airborne platforms, like the U-2, or agents-in-place. What was unclear was whether satellite reconnaissance was perceived as illegal because of its intrusiveness (Soviet borders were being violated), because of the data that were being collected, or both.

Even prior to the signature of the SALT I accords, however, there were indications that at least some Soviets recognized the utility of maintaining the benign nature of Soviet-U.S. space competition — at least in peacetime — and thus that satellites were not considered as "intrusive" per se. An officer writing in *Voyennaya mysl* suggested that "the appearance of any satellite over the territory of another country does not amount to violation of sovereignty. It seems hardly likely that it will be possible in the future to establish any limitations in this respect inasmuch as an artificial earth satellite is in essence a global object and cannot but go beyond the boundaries where it was launched."[27]

This formulation was anything but representative of Soviet press commentary on the legitimacy of satellite reconnaissance. The Soviets continued to report the existence and operations of U.S.

[26] I. Rognedin, "Space and Problems of Its Conquest," no. 6, June 1969. This journal bears the caveat "Exclusively for Generals, Admirals and Officers of the Soviet Army and Navy." It is not available for purchase, nor is it found on open library bookshelves.

[27] Engineer Colonel V. Anyutin "Surveillance of Outer Space," no. 3, March 1968. Soviet legal experts maintained that the USSR was opposed to the "expansion of state sovereignty over space"; that a legally defined boundary between "space" and "airspace" at about 150 km altitude was possible"; and that the "final solution" to this problem depended "to a great extent on the agreements reached concerning universal and complete disarmament of states." (Yu. Kolosov, "Space and Atmosphere: The Limits of Sovereignty," *Aviatsiya i kosmonavtika*, no. 10, 1967, p. 80.)



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"spy in the sky" satellites.[28] In July 1970, a review of the U.S. space-based reconnaissance program concluded:

for the past decade there has appeared in the arsenal of the American militarists a new means of espionage — artificial earth satellites. In spite of their many shortcomings, American intelligence has obtained the possibility of collecting information on the military and economic potential and defense strengths of the socialist countries. The task of all Soviet people, each of his own part, consists in the fact that this possibility should not become a reality. The great vigilance of the Soviet people is the true guarantee of success in the struggle with space spies.[29]

Later that same year, the Soviet media on two occasions noted that U.S. satellite activity over the Middle East represented a "violation of the peaceful use of space treaty" and was "in contradiction with" the treaty.[30] The record indicates that after 1970 the frequency of Soviet condemnations of U.S. satellite reconnaissance declined, though those condemnations by no means ended. On the eve of the signature of the SALT I accords and after, Soviet commentators continued to refer to "U.S. spy satellites" and described U.S. satellite reconnaissance programs as "espionage."[31]

Soviet concern with satellite-borne reconnaissance collection extended beyond those programs that are normally considered the province or responsibility of military and intelligence consumers. For instance, remote sensing of the earth from outer space has been a long-standing and apparently genuine concern of the USSR. Both the United States and the USSR are heavily committed to their

[28] See, for example, "US Launches Spy Satellite at Cape Kennedy," TASS, August 6, 1968.

[29] Major General B. Alexandrov and Colonel A. Yuriyev, "The Space Network of Espionage," *Smena*, no. 13, July 1970.

[30] Moscow radio commentary in Arabic to the Middle East, July 17, 1970, FBIS, *Daily Report* (Soviet Union) July 20, 1970, p. A40, and Moscow radio broadcast in English to Africa, July 27, 1970, FBIS, *Daily Report* (Soviet Union) July 27, 1970, p. A7. See, also, George C. Wilson, "Soviet Spy Satellites Scan Mid-East," *Washington Post*, October 16, 1973. Reportedly, the Soviets were using reconnaissance satellites in a "tactical role" to keep track of the course of the 1973 Arab-Israeli war. Soviet satellites were apparently being deorbited after only a six-day mission so that intelligence could be updated on a more timely basis. In all, six Soviet reconnaissance satellites were reported in the Western press as having been involved. (Kenneth W. Courtland "Satellites Over Mideast," *Christian Science Monitor*, November 13, 1973.)

[31] For instance, in 1973 *Krasnaya zvezda* reported that "it should be emphasized that the protection of our state frontiers is carried out under difficult conditions. The imperialists have not abandoned their dark designs of sending agents into our country. They are constantly stepping up the subversive activity of their intelligence agents and they make use of powerful technical facilities for these purposes. Everything is brought into service — from spy satellites to miniature bugging devices and miniature photographic devices. Reconnaissance aircraft bearing the identification marks of NATO states fly patrols near the Soviet Union's frontier and spy ships appear just beyond our territorial waters. Intensive radio reconnaissance is carried on." (Lt.-General V. F. Lobanov, "On Guard Over the Fatherland's Frontiers," *Krasnaya zvezda*, May 27, 1973, p. 3. Lobanov was chief of staff of the Border Guards.)



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respective programs, which are a boon in many fields and endeavors, including agriculture, cartography, forestry, geography, geology, hydrology, mineralogy, and oceanography. Crop predictions, discovery of natural resources, development of more detailed and reliable maps, projection of snow and rainfall, measurement of currents, tracing of icebergs, and earthquake predictions are only some of the more useful benefits either obtained already or likely to result. Soviet commentators, while endorsing the concept of remote sensing, have sought to impose constraints on the free dissemination of remote sensing data. In 1974, Soviet legal scholars cited worldwide concerns "that the use of satellites for the study of natural resources in other countries might become a form of legalized economic espionage."[32] Although the Soviets argued that "the unalienable sovereignty of states over their natural resources must include their sovereign right to dispose of information about those resources,"[33] their real concerns rested primarily on the implications of remote sensing for military security. At the United Nations, the Soviets have sought to distinguish between "local" and "global" data: local data (i.e., with a resolution of fifty meters or better) would require the prior consent of sensed countries before these data could be released; global data (with a resolution poorer than fifty meters) would not be subject to a prior-consent regime. In July 1978, for instance, the Soviets argued:

> Detailed data on natural resources as well as pictures of country with great spatial resolution (less than 50 metres, for example) can indicate a country's economic situation (state of crops, forests, reservoir water level) or *expose its military installations*. Therefore, the Soviet Union, again being respectful of the sovereign right of each state, considers that such data as well as the information obtained through their processing (such as a harvest outlook) may be released only with the consent of the country whose territory they refer to.
>
> The USA is demanding full "freedom" of action in this sense, as well as uncontrolled release and utilization of any information.
>
> The recurrent discussions of these and other related issues during the sessions of the UN Committee on the Peaceful Uses of Outer Space and its subcommittees have so far produced no agreement.[34]

Thus, the Soviets, while denying state sovereignty over space, have sought to restrict the ultimate scope of space-based activity. They do not object to the intelligence-like collection of

[32] A. S. Prisadova, ed., *Mezhdunarodnoye kosmicheskoe pravo* (Moscow: 1974), p. 205.

[33] Ibid., p. 207.

[34] Ye. Fedorov, "The Conquest of Space and the Interest of States" *Mezhdunarodnaya zhizn*, no. 6, June 1978, p. 19. (Emphasis added.)



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remote sensing programs, but they seek assurances on how distribution of the data is handled. Their operational distinction lies in the quality of the resolution. In sum, then, it appears that the Soviets have taken a wholly pragmatic stance on the legitimacy of satellite reconnaissance. Just as the Soviets have acquiesced in what they describe as the "partial demilitarization" of outer space concluded in the 1967 Space Treaty, they have acknowledged partial legitimization of satellite reconnaissance — when it is used to monitor compliance with the stipulations of an arms control agreement or, as in the case of remote sensing, when it has been linked to an understanding on distribution of data. What the USSR perceives as espionage has not — in their view — been legitimized, regardless of whether it is conducted by agents-in-place; by ground, air, or ship-borne platforms; or by satellites.[35] It remains to be seen how the Soviets can operationalize the distinction, especially when a given platform conducts what the USSR perceives as both legitimate and illegitimate reconnaissance.[36]

### Interference Versus Concealment

The SALT I accords implicitly acknowledged two general types of interference with systems performing verification tasks. Article 5, Section 2, of the interim agreement, for instance, deals with active interference, meaning any countermeasures that would interrupt or degrade the reconnaissance vehicle or facility itself. Article 5, Section 3, however, deals with what may be described as passive interference — concealment and deception activities that prevent verification or are designed to permit undetected circumvention of the specifics of the various agreements.[37]

[35] The most recent and, I believe, the most explicit confirmation of this thesis — that satellite reconnaissance has not received blanket legitimization — is contained in I. Kotlyarov, "International Space Monitoring for Peace," *Congress, International Astronautical Federation, September 1979*. Kotlyarov, a member of the Institute of State and Law of the USSR Academy of Sciences, argues that it is a "matter of extreme importance . . . [that monitoring be conducted] in strict accordance with the purposes of the treaties signed. *If supervision by means of space equipment goes beyond the purpose of monitoring provided by the treaty and, for example, is carried out for purpose of getting some intelligence information, this activity must be regarded as unlawful.*" (Emphasis added.)

[36] Moreover, verification of the obligations assumed under the ABM treaty and the interim agreement would appear to justify surveillance of the entire territory of each of the signatories. Paragraph 2 of Article 1 of the ABM treaty obligates the two sides not to deploy ABM systems for the defense of their territory; nor may either side provide a base for such a defense. Theoretically, such a nationwide ballistic missile defense system could begin with the deployment of radars almost anywhere in a given country. To verify that this is in fact not happening, the broadest surveillance is necessary. How one side or the other would attempt to claim that certain surveillance is outside the accepted norms of international conduct is difficult to envision.

[37] The two are by no means necessarily coterminous.



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*Active Interference*

For the most part, active interference is probably within the province of the National Air-Defense Forces of the USSR, *PVO Strany*. Passive interference is probably the mission of every soldier, officer, and staff of the Soviet armed forces.

The question of whether satellite reconnaissance was legitimate, that is, whether it represented a violation of international law, was for the most part treated by Western commentators as if it were a moot point — that is, so long as neither side possessed an operational antisatellite (ASAT) capability. The public, however, was given a shot in the arm in 1975 when Director of Defense Research and Engineering Malcolm Currie concluded: "Over the next ten or fifteen years space is not going to remain the unmolested territory, the sanctuary that it is today."[38] The heightened sensitivity to the prospect of space warfare gave rise to rumors of Soviet use of a ground-based laser when, in October 1975, a U.S. early-warning satellite was "blinded" by the intensive glow caused by a ruptured gas pipeline in the western USSR.[39]

Shortly thereafter — in February 1976 — the Soviets resumed testing in their long dormant satellite-interceptor program. Published Western sources indicate that the Soviets had launched twelve ASAT test vehicles over a thirty-eight-month period between 1968 and 1971. Testing then ceased for slightly more than four years before resuming in early 1976. In 1976 and 1977, the Soviets launched fourteen ASAT test vehicles. Whatever the reason for the testing hiatus, the Soviets apparently had an ASAT program throughout the SALT I period.[40]

Soviet military writings, moreover, have emphasized since the early sixties that a national air-defense system must be antiair, antirocket, and antispace. In 1967, General of the Army Batitskiy, commander in chief of the *PVO Strany* (who was subsequently promoted to marshal of the Soviet Union and is now on inactive

[38] "The Importance of Military Space," *Air Force Magazine*, June 1975, p. 28.

[39] See, for example, Fred S. Hoffman, "US Mistook Gas Flames for Russian Laser Beam," *Washington Star*, December 23, 1975; George C. Wilson, "Spy Satellites Get False Warning," *Washington Post*, December 24, 1975; "Mystery of Soviet 'Laser Beam' Solved," *London Times*, December 24, 1975.

[40] Herbert Scoville, Jr. and Kosta Tsipis, *Can Space Remain a Peaceful Environment?* (Muscatine, Iowa: Stanley Foundation, Occasional Paper, July 18, 1978). See, also, Lawrence Freedman, "The Soviet Union and 'Anti-Space Defense,'" *Survival*, January-February 1977. For a history of the Soviet orbital interceptor program, see Geoffrey E. Perry, "Russian Hunter-Killer Satellite Experiments," *Military Review*, October 1978, pp. 50-58.



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service), indicated that at some time after 1954 Soviet National Air-Defense Forces were divided into three such areas (*napravleniye*). Specifically, Batitskiy indicated that in 1954 there occurred

> the establishment of the position of commander-in-chief of the country and air defense troops and . . . the reorganization of the PVO regions in PVO formations and units following the combined arms pattern. The organizational troop structure was modified according to the new demands of missions. All of this exerted considerable influence on the operational art of the country's PVO troops which was divided into three district areas anti-missile, anti-aircraft and anti-space defense.[41]

With the resumption of Soviet ASAT testing, previous Soviet assertions of a state's right to employ unilateral means to end illicit space activities — especially but not solely reconnaissance — took on new urgency and credibility. A retrospective look at Soviet commentary on the likelihood and permissibility of direct interference with foreign satellites revealed that shortly after the U-2 affair, the USSR's foremost expert on space law, Georgiy Zhukov, had warned that

> in case of need the Soviet Union will be able to protect its security against any encroachments from outer space just as successfully as it is done with respect to airspace. As N. S. Khrushchev said, "if other espionage methods are used, they will also be paralyzed and rebuffed."
>
> Such action will be fully justified under the existing rules of international law and the United Nations Charter. The Soviet Union cannot remain indifferent to acts of espionage directed against its security, irrespective of whether air space or outer space is used for these purposes.[42]

A dozen years later — some four months after the signature of the SALT I accord — USSR Foreign Minister Andrey Gromyko submitted to the UN General Assembly a draft convention on the use of satellites for direct television broadcasting. While emphasizing the potential of such communication for the expansion of cultural, educational, and social exchanges, he warned that there could be serious legal, political, social, and other problems with television broadcasting. Specifically, the Soviets were concerned about the possible use of satellites for spreading political-military propaganda and general disinformation.

Gromyko claimed that a state bears the responsibility for any illegal television broadcasts, even those carried out by non-governmental agencies. The country that is the target of such com-

[41] "Development of the Tactics and Operational Art of the Country's Air Defense (PVO) Troops," *Voyennaya mysl*, no. 10, October 1967.

[42] "Space Espionage Plans and International Law," *Mezhdunarodnaya zhizn*, October 1960.



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munication may use as countermeasures "the means within its reach. . . . not only its territory, but also in outer space and other places beyond the bounds of national jurisdiction of any state."[43]

Thus, at a minimum, the Soviets apparently perceive the need for weapons capable of interfering with space-based systems that perform nonverification missions. With the renewal of Soviet ASAT testing, however, it was for some Western observers but a short step in linking the new effort in the orbital interceptor program to an intent to interfere with NTMVs. Eugene Rostow, for instance, publicly chided Jan Lodal, a SALT expert who had served both in the Nixon and the Ford administrations, for neglecting, in an earlier article, to discuss the implications for verification of the "Soviet capacity to destroy our satellites."[44] It has also been argued, by Lawrence Freedman, that

> concern that an attack [by the Soviet satellite interceptor] could blind reconnaissance satellites resulted in the inclusion of a clause in the 1972 SALT agreements in which both parties undertook not to interfere with the national technical means of verification. *Not only would such interference be highly provocative, it is also not clear whether it would buy enough time to engage in any significant cheating unless a determined effort was made to create an environment in which no reconnaissance satellites could operate.*[45]

Although Freedman clearly discounts the utility of employing the Soviet interceptor as part of a SALT "cheating scenario," the real point has been so sufficiently clouded that further exposition is warranted. To suggest that a satellite might be shot down for the purpose of cheating on a provision — or, for that matter, on all provisions — of a SALT treaty is about on the same order as suggesting that draft dodgers might seek to avoid combat duty by blowing their brains out with shotguns. Records on satellite-interceptor tests could be published in the U.S. press because the launching of this kind of ASAT is readily apparent to Western observers. In short, a Soviet intercept of a U.S. reconnaissance satellite would

[43] See text of Gromyko's letter to UN Secretary-General Kurt Waldheim, August 10, 1972, contained in FBIS, *Daily Report* (Soviet Union), August 10, 1972, p. A3. In order to eliminate illegal broadcasts, Gromyko said, certain conditions should be met: that states obtain permission from foreign countries to carry out direct television broadcasting, that they observe the protection of television broadcast copyright laws, that they take the necessary steps to eliminate interference for air and sea transport, and that they adhere to measures passed by international agencies.

[44] Eugene V. Rostow, "The Case Against SALT II," *Commentary*, February 1979, p. 29. See, also, William H. Schauer, "Space Program," in David R. Jones, ed., *Soviet Armed Forces Review Annual, 1979* (Gulf Breeze, Fla.: Academic International Press), p. 161.

[45] Freedman, "The Soviet Union and 'Anti-Space Defense,' " p. 22.



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be detected, analyzed, and reported.[46] That there would be any agreement left to "cheat" on in those circumstances is hardly likely. On the contrary, the Soviet leadership would have to be concerned that a satellite attack would be tantamount to an attack on the United States.[47]

Discussions that link the Soviet ASAT program to an intention to cheat on SALT lose sight of the fact — previously noted — that satellites can at times conduct reconnaissance that may be perceived by the Soviets as irrelevant to arms control monitoring. Hence, the Soviets may consider them illicit and thus not subject to protection offered by the "noninterference" clauses of the SALT I and II treaties. Furthermore, there is little evidence with which to judge Soviet propensities for nondestructive jamming of perceived illegal satellite activity conducted in peacetime by otherwise legitimate NTMVs.[48] Recent public recognition that the SALT accords contained "mutual commitments not to jam the other side's national technical means" that would "hamper the monitoring by these facilities of observance of the set limitations"[49] fails to satisfy this concern, even though it is the first recognition of a partial ban on jamming.

*Passive Interference*

Passive interference — camouflage, concealment, and deception (CC&D) — is also at least partially banned by the SALT I accords. The wording of the agreement makes clear that not all CC&D is prohibited, just that which can be determined to impede "verification." This dichotomy between legitimate CC&D and illegal CC&D preserves the USSR's right to employ practices both in peacetime and in wartime that have been established and codified over six decades of Soviet military theorizing.[50]

Soviet military writings refer to a branch of military science known as *maskirovka,* which Western analysts have most often translated as "camouflage." Actually the English word "camouflage" fails to describe adequately the host of measures that

[46] "Sen. Hart Says US Can Tell If Reds Bother Spy Satellites," *Atlanta Constitution,* October 20, 1978.

[47] Curiously, Soviet criticism of publicly enunciated U.S. plans for the development and deployment of its own satellite interceptor drew Moscow's criticism on the grounds that it would be in "direct violation" of the 1967 Space Treaty. No suggestion was made that it might augur an attempt to violate the SALT agreements. FBIS, *Daily Report* (Soviet Union), April 6, 1977, p. 4.

[48] Destructive interference results in permanent damage to the satellite.

[49] Platonov, "Major Achievement in the Sphere of Arms Limitation," p. 21.

[50] Similarly preserved, of course, is the United States' right to employ CC&D practices that do not impede verification.



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are always undertaken in order to implement *maskirovka* successfully. Included are such means and methods as the use of camouflage to disguise, conceal, or distort; dummy targets (mock-ups); feints and diversionary actions; certain forms of passive jamming (for instance, with corner reflectors) of the enemy's technical means of reconnaissance; adaptation to the terrain in order to take advantage of its concealing features; skillful use of nighttime and inclement weather to mask operations; and, finally, *dezinformatsiya*, or the dissemination of false information to the enemy.[51]

The form and content of *maskirovka* are keyed to the nature and scale of the operations that these measures are supposed to complement. Consequently, Soviet military literature has referred to tactical, operational, and strategic *maskirovka*.[52] In their doctrinal writings, the Soviets distinguish among these by the breadth of the operations that *maskirovka* is meant to support and by the scale of Soviet intentions, but not by the methods used or by the weapon system to which *maskirovka* is applied.[53]

In short, to hide a single tank under the mock-up of a log cabin would represent tactical *maskirovka*, but to mass and hide a thousand tanks in like manner for a breakthrough across an entire front would represent strategic CC&D. Similarly, to cover a single ICBM silo with a camouflage net in order to confuse low-flying supersonic fighters would be tactical *maskirovka*, whereas to use the same technique in order to deceive an opponent about the number of heavy ICBMs contained in the Soviet arsenal would

[51] The second edition of *Bol'shaya sovetskaya enstiklopedia* noted that "there are many methods of *maskirovka*, including oral *dezinformatsiya* and *dezinformatsiya* through the press, as well as publicity and deceit in actions." The third edition of the encyclopedia, which appeared in 1972, defined *dezinformatisya* as the "dissemination of distorted or deliberately false information," and noted that in military matters it meant the "deliberate dissemination of false information on one's own armed forces and plans of military operations." Soviet Russian-English dictionaries translate *dezinformatsiya* as "misinformation." This word, however, fails to convey the sense of activism implied by Soviet usage of the concept. *Dezinformatsiya* operations may have political, military, economic, counterintelligence, or scientific themes, but such operations ultimately provide only useless information disseminated through a host of diverse channels. The Soviet concept of *dezinformatsiya*, however, is not limited solely to passive information dissemination. The active operational side includes covert actions such as sabotage, demonstrations, the widespread use of forgery, literary hoaxes, and other methods designed to give misinformation the appearance of truth.

[52] Tactical engagements refer to conflicts involving units up through corps strength; operational-level engagements include battles involving an army or a single *front;* strategic engagements include theaterwide or intercontinental operations.

[53] Thus, tactical *maskirovka* would be implemented in order to conceal, and hence to protect, units that are up to corps strength, or to attain tactical surprise; operational *maskirovka* would be designed to conceal units up to single *front* strength or to attain operational surprise; and, finally, strategic *maskirovka* would be used to conceal the plans of several *fronts* for theaterwide operations or for intercontinental operations and thus to attain strategic surprise.



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represent strategic CC&D. In all these cases, neither the type of concealment nor the weapon system to which *maskirovka* is being applied determines whether the CC&D is tactical or strategic; rather, the scale and intent of the CC&D are the determining factors.

Soviet military men would certainly classify the first two cases — the concealment of a single tank or the concealment of a thousand tanks — as falling beyond the scope of any existing prohibition against CC&D; I suspect they would similarly argue that the third case is also legitimate — that is, it would not impede verification since the silo's existence would already have been established by NTMVs. In short, the wording of the treaty itself, as well as long-established Soviet practices, suggests that camouflage, concealment, and deception as it pertains to ICBMs, nuclear submarines, heavy bombers,[54] and all other weapon systems will continue to be an important aspect of Soviet operational practices. This, of course, in no way implies that the Soviets are cheating.

## Implications

Without a large body of Soviet commentary on the subject of verification, we have been left to the analysis of related and analogous issues in order to shed some light on Soviet views of this sensitive subject. The foregoing review has revealed a number of significant developments, some of which appear, at least at first glance, to be contradictory. Among the observations on Soviet views and policies that were made, the following are important:

(1) Initially, all satellite reconnaissance was considered illegal.
(2) Today, at least some satellite and ground-based reconnaissance is perceived as legitimate.
(3) Some forms of nonreconnaissance satellite-borne activity is today considered illegal.
(4) A controlling organization and a weapons-development program for interference with satellites exists.
(5) Some camouflage, concealment, and deception as applied to strategic weapons is not perceived to be prohibited by existing arms control agreements.

[54] U.S. press commentary indicates that the Soviets were engaged in various concealment activities during the course of SALT I. These included — "Encryption of telemetry"; "Concealment in Soviet shipyards, particularly the placing of large canvas covers over missile submarine construction and refit facilities at Severmorsk"; "Large-scale use of large canvas covers over missile silo doors and other facilities"; "Testing of decoy submarines"; "Large-scale concealment activities related to the deployment of the SS-16 and SS-20 missiles"; and "Submarine berthing tunnels." (Garn, "The SALT II Verification Myth," pp. 19-20.) See, also, Richard Burt, "US Report Says Soviet Attempts Deception on Its Nuclear Strength," *New York Times*, September 26, 1979.



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We have seen that clear and significant evolution of Soviet views on verification has occurred. Recognition of the utility of certain intrastate agreements, especially the SALT accords, has likely provided the momentum for grudging Soviet movement in these matters. It is also likely that the utility of these same monitoring techniques for implementation of various other Soviet foreign policies, especially crisis management concerns, contributed to the evolutionary process. Despite movement, it would be wrong to suggest that blanket legitimization of U.S. reconnaissance through their possible co-optation as NTMVs has occurred. On the contrary, there appears to be a less-than-sharp distinction between legitimate reconnaissance and espionage — at least insofar as Soviet commentary is concerned. The absence of any known Soviet interference with U.S. satellites indicates that, at least to the present, this dichotomy is little more than a legal nicety.

The existence of a space defense organization and the continued development, testing, and evaluation of a Soviet orbital interceptor, however, indicates that the Soviets do perceive it possible that *PVO Strany* will be called upon to interfere with foreign — perhaps U.S. — satellites. That satellites are high-value targets — and, hence, likely targets —— in wartime is indisputable. That some space-based reconnaissance and nonreconnaissance missions are possible candidates for peacetime Soviet interference also seems warranted.

The existence of an antisatellite organization, of weaponry, and, presumably, of a doctrine elaborating how and when to employ these and other passive defenses (CC&D) is thus troubling. It is troubling because it is difficult to determine how the Soviet distinction between legitimate and illegitimate reconnaissance and between licit and illicit *maskirovka* can be made operational, or how and when the USSR would interfere with reconnaissance that performs "monitoring" and "espionage" missions alike. Despite these as-yet-unanswered questions, when the record is reviewed it is clear that Soviet opposition to legitimization of various reconnaissance activities has substantially narrowed. Technology in the service of arms control promises improved monitoring capabilities, many of which stand to gain official recognition as legitimate NTMVs.[55] The establishment of an ever expanding sanctuary for

[55] See Senator Joseph Biden's letter to the editor, "Improbable Inference," *Washington Post*, September 14, 1979. Senator Biden contends that it is "a matter of record that the Soviets conceded that the verification procedures adequate for SALT II would not necessarily be adequate for SALT III." See, also, Platonov, "Major Achieve-



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strategic intelligence systems ought to enhance future crisis management capabilities as well as facilitate more elaborate arms control.

ment in the Sphere of Arms Limitation," p. 21. Platonov argues that monitoring means are "perfectly reliable" and notes that "both sides have among their national technical facilities space, radiometric and other apparatus capable of obtaining the necessary data to verify the other side's observance of its commitments. At the same time the aforesaid facilities are constantly being improved — which in itself entails an increase in the accuracy of their work."



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**Appendix A**

U.S.-SOVIET ARMS CONTROL MEASURES AND VERIFICATION PROCEDURES, 1959-1979*

| *Treaty†* | *Limitations* | *Verification* |
|---|---|---|
| The Antarctic Treaty, 1959 | Approves the neutralization and demilitarization of the Antarctic | Provides for freedom of inspection by designated observers from any contracting state and for complete freedom to conduct aerial observation by any of the contracting parties |
| Hot-line Agreement, 1963 | Establishes direct communications link between Moscow and Washington | Not applicable |
| Limited Test Ban Treaty, 1963 | Prohibits nuclear weapons tests "or any other nuclear explosion" in the atmosphere, in outer space, and under water | None specified |
| Outer Space Treaty, 1967 | Prohibits orbiting of nuclear weapons or other mass destruction means in outer space or establishment of military bases or weapons-testing programs on celestial bodies | None specified |

* Compiled from U.S. Arms Control and Disarmament Agency, *Arms Control and Disarmament Agreements* (Washington: ACDA, 1977).

† All dates are for treaty signature, not ratification. The ABM treaty, the interim agreement, and the SALT II treaty are not included here because of their thorough coverage in the text.

| *Treaty†* | *Limitations* | *Verification* |
|---|---|---|
| Nuclear Nonproliferation Treaty, 1968 | Commits nonnuclear states that become signatories to the treaty not to develop nuclear weapons | Each signatory having no nuclear weapons accepts a system of "safeguard" procedures, negotiated and concluded with the International Atomic Energy Agency, designed to prevent diversion of nuclear energy from peaceful programs to weapon programs |
| Seabed Treaty, 1971 | Bans the emplacement of nuclear weapons on the seabed outside the 12-mile territorial limit | Each signatory has the right of observance for the sake of verification. In case of "reasonable doubts" concerning performance, the concerned state may consult with the responsible state; if problems still persist, group consultations and observations are to be conducted by the signatories and, if still no satisfaction, the matter can be referred to the UN Security Council |
| Treaty for Reducing the Risk of the Outbreak of Nuclear War, 1971 | Establishes arrangements for immediate notification in case of various incidents including detection of unidentified objects on early-warning systems. It also provides for advance notification of any planned missile launches beyond the territory of the launching party and in the direction of the other party | Mandates immediate notification of the other parties in the "event of signs of interference" with missile warning systems or related communications facilities |

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| Treaty† | Limitations | Verification |
|---|---|---|
| Biological Weapons Convention, 1972 | Parties undertake not to develop, produce, stockpile, or acquire biological agents or toxins for other than peaceful uses | None specified |
| Prevention of Nuclear War, 1973 | In case there is a danger of nuclear confrontation, the two sides are committed to consult with each other. Further, both sides agree to conduct themselves—that is, refrain from threats, etc.—in a manner consistent with the treaty goals | Not applicable |
| Threshold Test Ban Treaty, 1974 | Prohibits the parties from conducting nuclear tests that have a yield exceeding 150 kilotons | Calls for technical data to be exchanged, including information on the geographic boundaries and geology of the testing areas. Limits weapons testing to specific test sites. Mandates that each side provide the geographic coordinates of the test location after test has occurred. Stipulates the exchange of data on a certain number of tests for calibration purposes. Indicates that one or two slight, unintended breaches per year would not be considered a treaty violation. Assurance of compliance is to be done by NTMVs used in "a manner consistent with the generally recognized principles of international law." Prohibits interference with NTMVs when so acting. |





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| *Treaty*† | *Limitations* | *Verification* |
|---|---|---|
| PNE Treaty, 1976 | Governs all nuclear explosions outside the weapons test sites indicated in the Threshold Test Ban Treaty, and limits these to a maximum of 150 kilotons | Calls for use of NTMVs and prohibits interference. Provides that each side will submit information and permit access to explosion sites. Establishes the rights and functions of observer including various specifics such as the number of observers, geographic extent of their access, provision of various data including maps of the area. Establishes a Joint Consultative Commission to deal with compliance issues |
| Convention to Ban Environmental Modifications, 1977 | Bans climate-modification techniques for hostile use | Calls for mutual consultation regarding complaints and establishes the framework for a Consultative Committee of experts that would meet on an *ad hoc* basis |

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**Appendix B**

RESPONSIBILITIES OF THE STANDING CONSULTATIVE COMMISSION

The SALT I accords established a forum—the Standing Consultative Commission (SCC)—at which verification issues could be raised. In SALT II, the responsibilities of the SCC were spelled out for the first time. Article 17 states:

1. To promote the objectives and implementation of the provisions of this treaty, the parties shall use the Standing Consultative Commission established by the memorandum of understanding between the Government of the Union of Soviet Socialist Republics and the Government of the United States of America regarding the establishment of a Standing Consultative Commission of December 21, 1972.

2. Within the framework of the Standing Consultative Commission, with respect to this treaty, the parties will:

(A) Consider questions concerning compliance with the obligations assumed and related situations which may be considered ambiguous;

(B) Provide on a voluntary basis such information as either party considers necessary to assure confidence in compliance with the obligations assumed;

(C) Consider questions involving unintended interference with national technical means of verification, and questions involving unintended impeding of verification by national technical means of compliance with the provisions of this treaty;

(D) Consider possible changes in the strategic situation which have a bearing on the provisions of this treaty;

(E) Agree upon procedures for replacement, conversion, and dismantling or destruction of strategic offensive arms in cases provided for in the provisions of this treaty and upon procedures for removal of such arms from the aggregate numbers when they otherwise cease to be subject to the limitations provided for in this treaty, and at regular sessions of the Standing Consultative Commission, notify each other in accordance with the aforementioned procedures, at least twice annually, of actions completed and those in process;

(F) Consider, as appropriate, possible proposals for further increasing the viability of this treaty, including proposals for amendments in accordance with the provisions of this treaty;

(G) Consider, as appropriate, proposals for further measures limiting strategic offensive arms.

3. In the Standing Consultative Commission the parties shall maintain by category the agreed data base on the numbers of strategic offensive arms established by the memorandum of understanding between the Union of Soviet Socialist Republics and the United States of America regarding the establishment of a data base on the numbers of strategic offensive arms of June 18, 1979.



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# overseas research
IN REVIEW

*EDITORS' NOTE: With this issue of ORBIS, the Editors are proud to inaugurate a new section, "Overseas Research in Review," which from time to time will report on foreign policy research undertaken in other countries, particularly research published in foreign languages. In this issue, we feature Bona Pozzoli's review of research institutions in Italy and William Griffith's report on the work of two German research institutions. Authors are encouraged to submit manuscripts dealing with research based overseas, and, as always, suggestions from our readers are welcome.*

## INTERNATIONAL AFFAIRS RESEARCH IN ITALY

BONA POZZOLI
ISTITUTO AFFARI INTERNAZIONALI, ROME

Research on international politics has not had an easy existence in Italy. From the end of World War II almost to the present, foreign policy has rarely been the subject of grand debates, and little of the work done by specialists in the field has filtered through the press to the general public. Nor has this work become integrated into political platforms. Indeed, until a short time ago, studies of international politics had no impact on Italian foreign policy, owing to the prevailing view that the international system was stable (perhaps even immutable) and that Italy had a well-defined role in that system.

The international situation, however, has been demonstrated to be not quite so immutable. Indeed, one can no longer talk of foreign policy per se, but of international aspects of political, economic, and social problems that face all states. Yet, on these issues, research in Italy has generally (though not entirely) remained weak. Until a few years ago, the universities treated international politics essentially as a historical and legal discipline. With the evolution of the international scene, however, Italian scholarship sought to adapt to the new era in which problems of international



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politics touched everyday life. Thus, research institutes began to assume a new importance as supporters of Italian political studies.

The rising importance of research institutes is manifested in the government's increased use of research studies to formulate policies and in requests by political leaders for consultation with experts from the research institutes. The interdependence of universities and institutes has also increased, and this can be seen in the participation of professors in the research programs of the institutes and in the presence of institute staff at seminars organized by universities.

What follows is a discussion of the origin, the structure, and the objectives of the principal institutes[1] devoted to the study of international problems. First, I will examine those institutes established and supported by the private sector. Included among them are those that enjoy government support while retaining private management and some political autonomy. Second, I will review the activities of institutes tied to political parties.

### ISPI (Istituto per gli Studi di Politica Internazionale con sede a Milano)

Founded by a group of scholars in 1933, when Italy was under fascist rule, ISPI set out "to study in complete liberty and autonomy problems of international politics and [to] disseminate knowledge." During those early years, the firmly antifascist ISPI enjoyed a notable freedom of information. After the war, ISPI recovered fully its activities, which included running a bureau of studies; maintaining a library; sponsoring conferences, meetings, and debates; and providing courses of preparation for those who wished to enter a diplomatic career. (These courses are conducted at the postgraduate level in cooperation with the Foreign Ministry.)

ISPI's research, which deals with most parts of the world, consists largely of selecting and cataloging a huge quantity of information gleaned from periodicals, including some 300 newspapers, reviews, and publications from all over the world. The institute's documentation consists of about 1.5 million cards, which are available for rapid consultation. In addition, the institute maintains a specialized library of some 700,000 volumes, one of the largest libraries of its kind in Europe.

Even though the institute is rather small, employing

[1] Readers may obtain the mailing addresses of the research institutions discussed herein by writing to the Managing Editor of ORBIS.



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twenty-five editors, translators, and administrators, it has been forced to reduce its activities for want of funds. The annual government contribution (200 million lire) does not cover operating costs, and private contributions have been significantly reduced. The lack of financial support has had its biggest impact on ISPI's publications. Indeed, the *Annuario di politica internazionale* has not appeared since 1973. Only the weekly *Relazioni internazionali* appears (now in its forty-second year), publishing commentaries on international activities in addition to texts of major speeches, joint communiqués, and documents relating to diplomatic work.

**SIOI (Società Italiana per l'Organizzazione Internazionale)**

SIOI, established in 1944 at the initiative of a group of scholars and political figures who wished to extricate Italy from thirty years of isolation caused by fascist rule, pronounced its purpose to be "to promote the development of an international spirit overcoming the particularism inspired by the absolute sovereignty of states." Of all the institutes that study international politics, SIOI is the only one to have offices in several cities. Accountable to the central office in Rome are regional branches in Campania, Friuli-Venezia-Giulia, Lombardy, Piedmont, Toscany, and Venetia. Each of these offices functions as a center of information and documentation on the international situation as it affects the particular region in which the office is located.

Other than these branch offices, SIOI's activity is divided among four specialized committees, each of which has a particular focus: peace, the pursuit of human rights, global sanity, and the study of the history of international relations. SIOI's principal areas of interest are the role of the United Nations and other international organizations as guardians of the peace; European security and disarmament; and European unification.

SIOI's highest priority, however, is, according to its annual report, "the improvement of Italian participation in the life of international organizations." With the support of the Diplomatic Institute of the Foreign Ministry, SIOI sponsors orientation courses for international careers, which are reserved for civil service officials. Thus, SIOI is entrusted with the task of recruiting and orienting Italian personnel for international organizations.

Though SIOI does not have a research staff or a program of research, it cooperates with other institutions or ministries in doing research of a predominantly legal orientation. The research



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results are published as booklets, distributed singly or as parts of volumes. Among the most important research in progress is "Italian Involvement in International Law, 1887-1918" and "International Organizations and the Transformation of Global Society," conducted with the Institut Universitaire des Hautes Etudes Internationales of Geneva. Another project investigates the execution of community law in Italy, supported by the Ministry of Justice.

Finally, SIOI publishes the quarterly review *La Communità Internazionale,* which consists of articles, reports, and documents on international developments. Occasionally, SIOI publishes dossiers of documentation for use in courses. Its library is considered a depository library, and thus it has a vast collection of official documents from the United Nations, GATT, the Council of Europe, the European Communities, and OECD.[2]

**IAI (Istituto Affari Internazionali)**

IAI was founded in 1966 by Altiero Spinelli, under the sponsorship of the cultural-political association Il Mulino, the Study Center of the Olivetti Foundation, the Center for North-South Studies, and with a contribution from the Ford Foundation. Modeling his institution on those from the Anglo-Saxon countries, Spinelli believed that IAI should present new aspects of the international situation and of Italy's role in the world. Article 1 of the Statute explains: "The Institute promotes knowledge of problems of international politics, in order to contribute to increasing the possibility of an evolution of all countries toward the form of supranational organizations." Thus, from the very beginning, the institute identified themes not covered by previous research: the new interdependence of foreign policy and domestic policy; the logical priority of international politics in the formulation of answers to problems in a world ever more interdependent; the alteration and multiplication of actors and subjects in international politics; and the necessity of creating new forms of international political information.

One writer characterized IAI's work as "the analysis of the international situation with multiple lenses, without limiting itself to the study of international dynamics and their implications for Italy. On the contrary, in programs at IAI one studies and analyzes themes where Italy may not be involved. And this is one of the reasons why the Institute has achieved a notable opening to the out-

[2] SIOI receives an annual contribution from the Italian government of 300 million lire.



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side world and constant collaboration with analogous institutes and foreign foundations."[3]

One research project in progress (financed by the Ford and Volkswagen foundations) examines the political and economic evolution of the Red Sea area. Undertaken in cooperation with the Center for Strategic Studies in Cairo, Al-Ahram, and the Deutsche Orient-Institut in Hamburg, the project will be finished at the end of 1980 and will then be published in four languages: Italian, German, English, and Arabic. Another example of IAI's contacts with other institutes is its participation in TEPSA (Trans-European Political Studies Association), an association of institutes from seven member countries of the European Community that organizes research on EC problems. As a result of these joint efforts, the institute frequently sponsors international meetings for discussions, progress reports on research, and debates on international themes with foreign institutes.

Many think that the institute had a role in importing the strategic-military "reflex" into academic debate and in contributing to increased awareness of supranational and international factors in the making of Italian foreign policy. IAI is sometimes seen as having a "Machiavellian" role in influencing policymakers by the use of supportive data, conceptual frameworks, and technical support.

Public recognition of IAI's activities has permitted it to enjoy for seven years a financial contribution voted by Parliament (of 150 million lire annually), in addition to membership contributions, foundation grants, and donations from other public and private entities.

In recent years, IAI has diversified its interests, which now include strategic studies, security and defense issues, Mediterranean area and European integration as related to the international economy, to the energy crisis, and to international monetary problems. Cosponsored with the Policy Studies Institute of London, and supported by the German Marshall Fund, is a study on moderate and conservative parties in Europe. Relating to European integration are the following studies: "Evolution of Community Institutions," "The Budget of the European Community," and "The Italian Regions and the European Community." On problems of the developing countries, we can note these studies: "Problems of Financial Cooperation with the LDCs," "Direct Italian Investment in the LDCs," and "Demands for Cooperation by the Developing Countries." Other studies

[3] Maria Rosito, "Strutture inadequate per una attività di ricerca" [Inadequate Structure for Research Activity], *Politica internazionale*, July 1979, p. 145.



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include "Development Prospects in the Arab Oil-Producing Countries" and "Energy Policy in the USA, Japan, France, Germany, and Great Britain."

The results of IAI's research are made known through meetings and publications, including *Lo Spettatore internazionale,* a quarterly review in English that is primarily distributed abroad; the monograph series of *Spettatore internazionale* (published by Mulino); and volumes published by others (e.g., *Il fianco co Sud della NATO* [The Southern Flank of NATO], published by Feltrinelli). Finally, IAI publishes *Italia nella politica internazionale,* an annual that, besides an analytic essay on the international situation, includes a description of the attitude of the Italian government on various international issues.

**IPALMO (Istituto per le Relazioni con i paesi dell'Africa, America Latina, e Medio Oriente)**

Founded by a group of political activists in 1972, when a collaboration between the Center and the Left in Parliament seemed possible, IPALMO proposed to reinvigorate Italian policy toward the Third World. Though IPALMO is preoccupied this year with other international problems, the themes of cooperation between Italy and the Third World are always at the center of the institute's undertakings. Among IPALMO's activities are the commissioning of research to sensitize young businessmen and researchers to the problems of development and the issuing of reports on what Italy (and the international organizations to which it belongs) can do to solve developmental problems. Such a focus reveals that the target of its efforts is less the policymakers and more the opinion leaders.

Current research areas include (1) resources in the less-developed countries and the related problems of North-South cooperation, with a focus on Italian options; (2) the Mediterranean into the 1980s (a consideration of political, strategic, and economic aspects); (3) political strategy for Italy in North-South cooperation for the mid-term future; and (4) the crisis of the state in Latin America. The institute is also preparing essays for publication in its review. One is on nationalism and internationalism in the 1980s, analyzing the evolution of the two ideologies; another focuses on the energy question and European strategy.

Frequently, IPALMO sponsors conferences, but perhaps its most important activity is the exchange of official missions be-



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tween Italian delegations and working class delegations from the Third World. IPALMO has also developed a lobby to influence discussions in Parliament that affect relations with the Third World.

IPALMO publishes a monthly review in Italian, *Politica internazionale,* which features articles on political, economic, and social problems of Asia, Africa, and Latin America. Each year, two issues are published in English with a selection of articles that appeared during the year. They also publish two series: one contains the results of meetings, also in foreign languages; the other contains studies completed at IPALMO.[4]

**ISTRID (Istituto Studi e Ricerche Difesa)**

The newest institute is ISTRID, founded in 1980 in Rome by a group of defense specialists. The institute proposes to study problems relevant to the politics of security and defense, in the context of the Italian coalition. Through the publication of *Agenzia I.P.D.* (Informazioni Parlamentari Difesa), as well as through other means, ISTRID hopes to increase public awareness of governmental and parliamentary actions on military issues and, if possible, to change public opinion.

In its research program, ISTRID foresees studies on (1) military spending, planning, and programming of the leading powers; (2) military expenditures in Third World countries and the role of armed forces in governmental structures emerging in those countries; (3) the dynamics and dimensions of regional conflicts; (4) the regulation of armed forces in major nations; and (5) the overall picture of nuclear arms and mutual deterrence. These studies are spelled out in documents that ISTRID makes available upon request. In another project, ISTRID plans to illuminate the role of the "military-industrial complex" (in Italy and in the world) in the politics of defense programming.

Besides *Agenzia I.P.D.,* the institute foresees other publishing outlets for its research. Already, it has published several monographs, including one on SALT II. Finally, ISTRID has planned a series of European conferences on arms, as well as meetings on defense and disarmament issues.

In addition to the institutes that are politically independent, it is worthwhile to mention two institutes that are linked to

[4] IPALMO receives an annual contribution from the Italian government of 200 million lire.



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and receive financial support from political parties. The work of ICIPEC, tied to the Italian Socialist Party (PSI), and of CESPI, tied to the Italian Communist Party (PCI), is directed to the foreign policy program of the parties to which they are linked. The Christian Democratic Party (DC) has never had its own institute for the study of international relations.

**ICIPEC (Istituto per la Cooperazione Politica Economica Culturale Internazionale)**

Founded in 1976, ICIPEC is a point of reference for Italian Socialists, and it maintains contacts with similarly inspired forces throughout the world. In association with "representatives of socialist and progressive political organizations in and beyond Europe, with democratic intellectuals from other countries," ICIPEC hopes to serve as a forum for discussion of the "problems of socialism at the international level." Its function is in between that of a study center and that of a promotional and operational party organ. The extent to which its work differentiates itself from that of the international section of the PSI's Secretariat depends upon ICIPEC's finances. ICIPEC has the task of investigating various aspects of the international situation, of discerning emerging trends, and of forwarding the results of its research to responsible party organs.

ICIPEC's principal research interests are: the "American question," the European problem in relation to German democracy and the French Left, South Africa, the Horn of Africa, the Mediterranean, and the Middle East. To investigate these themes, the institute oragnizes discussions with experts and politicians (Italian and foreign) and presents the work of its staff at such meetings.

**CESPI (Centro Studi di Politica Internazionale)**

Founded in 1978 by decision of the PCI's Central Committee, CESPI gathers together the most noted international experts of the PCI, and it also maintains ties to institutes throughout the world, without regard to ideological perspective. The decision to establish a study institute of international politics has its origin in the PCI's reconsideration of international issues that began in the mid-1970s. Facing an increasingly complex international situation, the Communist leaders sensed the need to create a separate apparatus to furnish new possibilities and options, as well as to function as an organ of administrative and political initiative. In order



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to realize these objectives, CESPI established a program that focuses on disarmament and the European Left, though the United States and the USSR are also subjects of investigation. A series of reports will be presented before two international seminars that the center has scheduled for the coming months. CESPI is also developing research on North-South relations that will result in a program on "Peace and Development."

Among CESPI's publications, which are distributed in mimeograph form to a small number of readers, is the "Dossier" series. For publication in that series, the center is completing four projects: "China and post-Maoism," "Law of the Sea," "Reciprocal Perceptions of Security between the USA and USSR as Elements of Crisis in Détente," and "The Arc of Instability: Islam; Modifications of Internal Structures in Islamic States; Strategic Problems of the Northern Tier." Other CESPI publications include "Materiali per un dibattito" [Material for a Debate] and the "Rassenga stampa" [Review of the Press]. Researchers at CESPI are commentators on international politics for the PCI review *Rinascita*.

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## INTERNATIONAL POLITICS IN GERMAN

WILLIAM E. GRIFFITH
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

The resurgence of West Germany's economic and political power has been manifested in many ways. Perhaps, one such manifestation is the establishment of two government-financed research institutes that produce regular, mimeographed analyses of almost all aspects of international politics: the Stiftung Wissenschaft und Politik (SWP) in Ebenhausen (near Munich) and the Bundesinstitut für ostwissenschaftliche und internationale Studien (BIOst) in Cologne. Both of these are by now large research operations: the Stiftung Wissenschaft und Politik, for example, had in 1978 just over 100 professional members and a budget of DM 6.2 million. The Bundesinstitut is somewhat smaller.

Several volumes in a series of SWP studies[1] and the most

[1] The first of this series, published by the Nomes Verlagsgesellschaft at Baden-Baden, is a collective volume by SWP members entitled *Polarität und Interdependenz* (1978). Five other volumes in this series were published in 1978: Christoph Royen, *Die sowjetische Koexistenzpolitik gegenüber Westeuropa-Voraussetzungen, Ziele, Dilemmata;* Werner Beitel and Jürgen Nötzold, *Deutsch-sowjetische Wirtschaftsbeziehungen*



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recent edition of BIOst's yearly handbook of the Soviet Union[2] are worth calling to the attention of the English-speaking scholarly public. In addition, both institutes regularly issue mimeographed analyses that are painstakingly documented and generally high in quality. Those produced by the Bundesinstitut cover communist affairs, and those by the SWP would seem to cover most other aspects of international politics. As one might expect, the most concentrated coverage is about the German Democratic Republic, the Soviet Union, and the East European states.

The BIOst's mimeographed publications provide important analyses of developments in nonruling Communist parties, especially those in Western Europe (only Kevin Devlin's Radio Free Europe mimeographed analyses are comparable), and of trends in Sino-Soviet relations. Already covering a much wider field, the SWP (which can best be compared to the Rand Corporation) continues to expand its coverage. Their studies on political-military subjects and on such regions as South Asia, the Middle East, and sub-Saharan Africa are particularly useful, as are the ones on the United States and on the West German–American relationship.

Research at both institutes is far more policy-oriented and concerned with current political problems than at German universities, a situation similar to that which prevails in the United States. Thus, some German scholars, like some American scholars, appear to prefer appointments at institutes rather than at universities.

The great obstacle to the effective use of German publications in this country is, of course, the inability of most American scholars to read German. Before World War I, and to a lesser extent World War II, a reading knowledge of German was considered essential for research in European history and politics, and, indeed, for the study of much of the rest of the world. The postwar hostility to Germany, however, caused a decline in the study of German, and the general decline in the study of foreign languages has made the situation even worse.

*in der Zeit der Weimarer Republik — Eine Bilanz im Hinblick auf gegenwärtige Probleme;* Heinz Kramer and Reinhardt Rummel, *Gemeinschaftsbildung Westeuropas in der Aussenpolitik — Zur Tragfähigkeit der Europäischen Politischen Zusammenarbeit (EPZ);* K.-Peter Stratmann, *NATO-Strategie in der Krise? — Militärische Optionen von NATO und Warschauer Pakt in Mitteleuropa;* Elke Thiel, *Dollar-Dominanz, Lastenteilung und amerikanische Truppenpräsenz in Europa — Zur Frage kritischer Verknüpfungen währungs- und stationierungs-politischer Zielsetzungen in den deutsch-amerikanischen Beziehungen.*

[2] Some of the BIOst studies are published in book form. The yearly handbook on the USSR is published as *Sowjetunion 1978/79* (Munich: Hanser), and is available in English as *The Soviet Union 1978/79* (New York: Holmes & Meier).



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One may say, of course, that these publications should be translated into English (most of them have brief English summaries), but there are too many people in the world who speak German, and German has too long and proud a tradition, for this to be a practical proposal. Indeed, the only practical way for scholars and students to use this material is to learn to read German. It is high time that more of them do just that.



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# reviews

**The Soviet Union: Looking to the 1980s.** Edited by Robert Wesson. Stanford, Calif.: Hoover Institution Press, 1980. 288 pp. $25.00.

**Yearbook on International Communist Affairs: 1980.** Edited by Richard F. Staar. Stanford, Calif.: Hoover Institution Press, 1980. 486 pp. $35.00.

JOSEPH E. THACH, JR.
ANNANDALE, VIRGINIA

Presumably, the present is a preview of what is yet to come. In that sense, it is quite probable that the principal thrusts of Soviet domestic and foreign policies will not vary drastically in the decade ahead from those pursued during the 1970s. Indeed, the great majority of Western forecasts that have appeared this year — whatever their analytical premises and perspectives — confirm this rather prudent (though certainly not complacent) contention. Current Soviet statements, particularly policy pronouncements by high-level officials, only reinforce this view. Even a change in the Soviet leadership would not enhance the prospects for a benign shift in Soviet policies.

With this in mind, it may be worthwhile for specialists and generalists alike to seek out those works that offer broad, comprehensive assessments of contemporary Soviet policies. Two recent works fill the bill quite effectively. The first, *The Soviet Union: Looking to the 1980s*, provides a sound basis for appraising the Soviet Union's prospects. A product of a Hoover Institution conference held in September 1978, the volume offers contributions by reputable experts on Soviet affairs. Such well-known analysts as Donald Treadgold, Robert Conquest, Jan Triska, Klaus Mehnert, Frederick C. Barghorn, and Myron Rush provide insight into the likely strengths and shortcomings in Soviet domestic and foreign policies during the eighties. Other notable contributions include those by William F. and Harriet Fast Scott on the Soviet quest for military superiority, Joseph S. Berliner on economic prospects, and



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Teresa Rakowska-Harmstone on the USSR's lingering nationalities question.

The Scotts' incisive analysis of the USSR's huge, modern military establishment provides an excellent foundation for analyzing important trends in the development of Soviet foreign and domestic policy. In support of the Scotts' basic contention that the USSR "simply would be another developing nation" (p. 65) without a substantial military machine to underpin its current superpower status, both Berliner and Gertrude E. Schroeder argue that the country's pronounced military orientation has saddled the economy with problems that, unless the Soviet regime enacts genuine and far-reaching reforms, will seriously hamper Moscow in the future. Professor Schroeder, who depicts the consumer sector as the principal victim of "a socio-economic system that has persisted without essential institutional change for fifty years" (p. 127), offers little hope for improvement in that sector.

Soviet foreign policymakers, if imbued with a sense of ideologically inspired messianism, also takes succor from the country's military prowess. From the U.S.-Soviet strategic rivalry to interventions in the Third World by the USSR and its surrogates, the Soviet Union's confidence in its military strength will continue to loom large in the Soviet decisionmaking process. Events in Afghanistan and Poland, though they occurred after the papers for Wesson's volume were prepared, are rendered more comprehensible by Leopold Labedz's treatment of the future evolution of Soviet foreign policy, by Jan Triska's examination of Soviet-East European relations, and by Robert Conquest's and Andrei Almarik's assessments of the Soviet system's strengths and weaknesses. In sum, the Wesson volume makes a definite contribution to Western appraisals of the future of the Soviet Union.

Another authoritative reference work on Soviet affairs is the Hoover Institution's *Yearbook on International Communist Affairs: 1980*, the fourteenth annual edition in the series. Since its inception, the series has enjoyed a reputation for thoroughness and precision, a reputation that will only be enhanced by this latest edition. If some questioned the yearbooks' usefulness during the halcyon days of Soviet-American détente only a half dozen years ago, more recent editions, containing coverage of intracommunist relations and of the activities of Marxist-Leninist groups in the Third World, have proved such criticism to be rather hasty. Indeed, the proliferation of communist-led national liberation movements in



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the less-developed countries deserves special attention in the 1980s. In addition to the usual profiles (by country) of Communist Party organizations — both in and out of power — and coverage of Soviet front groups around the world, the 1980 *Yearbook* includes coverage of the Warsaw Treaty Organization and the Council for Mutual Economic Assistance.

If 1979 is to be viewed as a crossroads for communism, as the *Yearbook* suggests, then the month-long Sino-Vietnamese conflict, the tightened subjugation of Cambodia by Vietnam, the activities of the USSR and its surrogates in Africa, and the Soviet invasion of Afghanistan may be seen as precursors of a decade of heightened military activism on the part of the communist world. About the Soviet Union in particular, this much can be said. The growth in its military capabilities, its increasing propensity to project military power and political influence abroad, its steadfast belief in waging ideological warfare against the West — all will contribute to a broad-based and sophisticated challenge to the West in the years ahead. To reach a full understanding of that challenge is to take the first (but essential) step toward developing an effective Western strategy for the 1980s.



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The author was Military Advisor to the UN Secretary-General from 1960, and was a close associate of U Thant. He also commanded UNEF at the critical time of its withdrawal and assisted U Thant during his negotiations with President Nasser. The book gives a firsthand account of the events that led to the withdrawal of UNEF and the tragic experience of the UN force trapped between Egyptian and Israeli forces as they ruthlessly waged a fierce war. General Rikhye was the Commander on the spot, having to act immediately to preserve the security of his command. He tells us the real story of the casualties suffered by the Indian contingent during the Israeli attack on Gaza.

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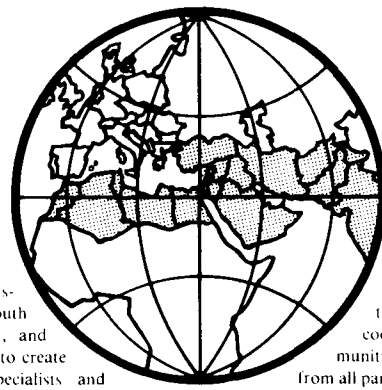

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